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RS-84-9
July 1984

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Latin America
**Outlook and
Situation Report**

OCT 27 '84

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U.S. exports to region jump 17 percent in 1983...



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Approved by the World Agricultural Outlook Board. Summary released June 26. **Latin America Outlook and Situation** is one in a series of 11 regional reports published annually by the Economic Research Service. Other titles in the series: USSR, China, South Asia, Southeast Asia, East Asia, North America and Oceania, Eastern Europe, Western Europe, North Africa and the Middle East, and Sub-Saharan Africa. Annual subscription: \$18 U.S., \$22.50 foreign. Single copies available for \$3.75 U.S., \$4.70 foreign. Order from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Make checks payable to the Superintendent of Documents.

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Summary

Overall agricultural production during 1983 declined in Latin America, largely because of smaller livestock output; per capita production fell to nearly the 1969-71 level. Only 10 of the 25 countries registered production growth greater than in 1982. Nonetheless, total output for the region was equal to expectations, based on long-term trends.

A 1-percent increase in crop production failed to offset a 3-percent decline in livestock output. Wheat production, mainly in Mexico and Argentina, was down sharply from the record 1982 crop, but was still 11 percent above the long-term trend. Corn production was also down from 1982, 8 percent below the long-term trend, and nearly 10 million tons below the record 1981 crop. A strong recovery in the Mexican corn crop failed to offset declines in most other countries. Soybean production was up 10 percent from 1982 and nearly 20 percent more than would have been expected from the projection of the multiyear trend. Increases in Brazilian soybean production more than offset declines in Argentina and Paraguay. Coffee production was up sharply, 23 percent above 1982 and the trend projection, as Brazilian production jumped nearly 70 percent. Milk was the only livestock product that registered any gains in 1983.

U.S. agricultural exports to Latin America were up 17 percent in 1983 to \$5.2 billion. U.S. farm exports increased faster than imports from Latin America, improving the U.S. balance of agricultural trade with the region. As a consequence, the balance of trade was only \$1 billion in favor of Latin America in 1983, compared with \$1.2 billion in 1982. Increased Public Law 480 and credit guarantee programs were important contributors to the expansion in U.S. exports. Cereals and cereal products were the main agricultural commodities exported, with a value of about \$3 billion, accounting for 60 percent of total exports. Oilseeds and products made up another \$1 billion and accounted for an additional 20 percent. Mexico was the principal Latin American market, taking \$1.9 billion of the total. U.S. agricultural imports from the region were valued at \$6.2 billion. Brazil was the main supplier at \$1.7 billion, followed by Mexico at \$1.3 billion. Coffee, at \$2 billion, accounted for about one-third of the total.

Latin America's economic condition continued to deteriorate in 1983. The region's gross domestic product (GDP) declined 2 percent. Unemployment, inflation, and foreign exchange shortages remained serious problems. Overall balance-of-merchandise trade positions improved in 1983, mainly because of sharply reduced imports in conjunction with marginally improved exports. Heavy foreign debt and debt servicing continued to be a problem for most countries and resulted in the rescheduling of much short-term debt.

Responding to these economic conditions, governments are pursuing policies to discourage imports, encourage exports, and reduce domestic public spending. In many countries, lower incomes and the removal of price subsidies have resulted in shifts in domestic demand for many agricultural products, as well as changes in the composition of that demand. Over the long run, strong population growth, about 2.3 percent per year for the region, will continue to put pressure on domestic food supplies and imports.

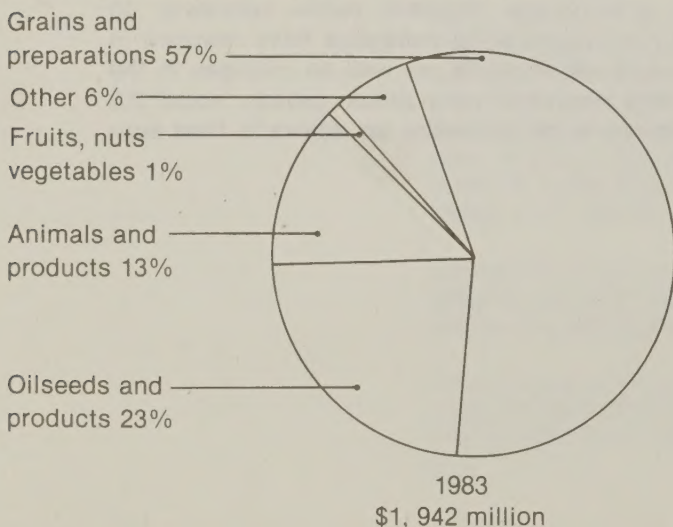
MEXICO

In 1983, the Mexican economy went through a period of economic adjustments necessary to begin overcoming a severe financial crisis. Most sectors of the economy declined in the face of austerity measures that dampened demand and reduced investments. Policies imposed to control domestic and foreign debts resulted in a sharp cutback in Government spending, drastically reduced imports, and an unknown toll in terms of unemployment and underemployment. There are, however, a few positive signs that could have long-term impacts on the health of the Mexican economy; inflation was lowered; a positive trade balance was achieved; a large portion of the public foreign debt was rescheduled; and Government spending, as a percentage of gross domestic product (GDP), was lowered. The outlook for 1984 appears to indicate a year of gradual recovery that should see further reductions in inflation, growing employment, and more moderate increases in new debt financing.

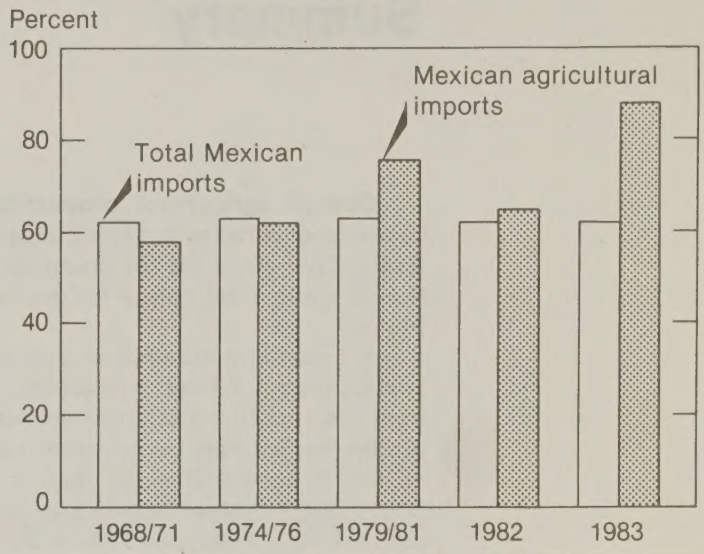
Agricultural production during 1983 was mixed, with crops generally showing a significant improvement over the previous season but livestock suffering setbacks because of the economic recession. Agricultural trade reflected both a response to the earlier season's weather-plagued output and to last year's improved crop performance. The value of agricultural imports increased by one-fourth in the face of stiff restrictions on imports. Overall, the import value came to \$2.2 billion, almost 90 percent of which was accounted for by the United States. Mexican agricultural export value remained unchanged at about \$1.6 billion, with the U.S. share at over 80 percent.

An expected increase in import demand and easier entry into the Mexican market could lead to a wider deficit between agricultural exports and imports in 1984. On the other hand, improved crop and livestock output is expected to reduce import requirements and perhaps boost export earnings. Increased competition from other exporters has already lowered the U.S. share of the Mexican agricultural market.

U.S. Agricultural Exports to Mexico



U.S. Share of Mexican Imports



Economic Downturn in 1983

Putting the brakes on runaway debt and reduced revenues from petroleum exports heavily cost the Mexican economy and people in 1983. Measures to reduce Government spending, imports, and inflation resulted in the second and worst year of negative economic growth, the downturn estimated at 4-5 percent. Unemployment rose to well over double-digit levels as real incomes fell in response to Government-adjusted salaries that lagged behind inflation. Public and private investment declined to the lowest levels in recent history. Reduced Government expenditures lowered the public deficit as a percentage of GDP from 17.6 percent to 8.7 percent. Inflation remained high, although the rate decreased from 99 to 81 percent.

The sluggish economy and strict import restrictions contributed to sharply reduced imports—from \$14.4 to \$7.7 billion. Exports remained at about the same level as in 1982 because of steady oil exports of 1.55 million barrels per day. A \$13.7-billion trade surplus, the second in 2 years, was largely responsible for an increase in foreign exchange reserves of \$3.1 billion and a shift in the current account balance from a deficit of \$4.9 billion in 1982 to a surplus of \$5.5 billion. Yet, foreign debt continued to grow in 1983, albeit at a much slower rate. The Mexican Government rescheduled \$23 billion of the public debt held by foreign commercial banks.

Agricultural Production Mixed in 1983

Total agricultural output for 1983 was unchanged from 1982. There was strong growth in crops as they recovered from a weather-plagued season, but livestock production fell. Grain and dry bean production increased 19 percent to 18.8 million tons.* Early planted wheat and rice suffered from adverse weather. Corn and sorghum production was up an average 38 percent, as was the bean crop. The oilseed crop recovery was more modest, at 18 percent, due largely to much improved cot-

*All tons in this report are metric tons.

tonseed, safflower, and soybean output. Production of the major export crops—coffee, cotton, and vegetables—also registered increases. Coffee production hit a record 282,000 tons, following the first harvest of high-yielding varieties planted in 1979. Sugar, once an exported crop, has been increasing the past 2 seasons because of more favorable Government-sponsored incentives to boost production and reduce imports.

Gains in crops were offset by poor performance for livestock. A drought followed by economic recession lowered production and demand. The worst drought conditions in many years reduced cattle inventories in 1982, but there was some rebuilding in 1983. Beef output was also down in 1983 because of weakened demand. Poultry producers fared better as relatively strong demand, partly because of substitution for beef, kept prices from falling. Especially hard hit were egg, milk, and pork producers. Fixed retail prices for eggs and milk squeezed profits, and the economic slump lowered demand for other high-valued animal products.

Imports Rose in 1983

As a consequence of the general drop in 1982 crop production and, to a lesser degree, the reduced livestock output in 1983, agricultural imports rose to the third highest level. The largest increases were for coarse grains, soybeans, sugar, and NDM. These gains were partially offset by lower imports of wheat, other oilseeds, dry beans, and livestock products. Although domestic demand was weakened, agricultural imports rose from \$1.8 billion in 1982 to \$2.2 billion in 1983. With other trade diminished, agriculture's share of total imports rose from 12 to 29 percent. The United States provided about 88 percent of Mexico's agricultural imports. GSM-102 export credit guarantees played an important part in allowing credit-short Mexico to import needed food supplies from the United States. The initial \$1.7 billion loan guarantee for fiscal 1983 (Oct.1982-Sept.1983) was increased by \$400 million for the last quarter of 1983.

Heavily subsidized grain and oilseed commodities—wheat, corn, sorghum, and soybeans—showed the largest volume increases. Import volume for grains jumped from 2.3 million tons to an estimated 8.5 million in 1983. Raw oilseed imports remained unchanged at 1.3 million tons as large increases in soybeans were offset by declines in other oilseeds. A large increase in oilmeals offset a relatively small decline in vegetable oils. Minor increases in livestock imports were registered for inedible tallow and NDM, but volume declines were indicated for butter, fresh meats, edible pork skins, and evaporated and condensed milk. NDM imports were aided by export credit guarantees and U.S. programs to reduce the dairy surplus through voluntary foreign donations. As a result, the U.S. share of the Mexican dry-milk market rose to its highest level in several years, replacing the European Community (EC) and New Zealand as the principal supplier. The Mexican market for NDM was worth almost \$110 million in 1983, or 5 percent of total imports. Sugar imports doubled in 1983 to a record 800,000 tons. Fixed retail prices and stock building were responsible for the large import figure.

Agricultural exports increased slightly to \$1.6 billion largely because of gains in coffee, fresh and processed

fruits, cattle, and honey. Volume declines were registered for tomatoes, other fresh and preserved vegetables, cotton, and tobacco; in addition, there were lower prices for these and other commodities. Coffee exports increased, taking advantage of the large output and lower export taxes, established in 1983, and expanding sales to countries not signatories of the International Coffee Agreement (ICA). Poor pasture conditions made larger than normal numbers of cattle available for export. Lower world prices and reduced import demand generally limited other export opportunities during 1983. The United States purchased over 80 percent of Mexican agricultural exports and was the largest market for most commodities except for cotton.

Gradual Economic Recovery Likely in 1984

Cautious optimism appears to be the key phrase for Mexico's economic prospects in 1984. The austerity program is expected to be relaxed as the country puts its financial house in order. Payments on foreign debt should be manageable, but interest on the debt will be about \$11 billion, or roughly three-quarters of the petroleum export revenues. An improved world economy and rising petroleum prices should significantly increase export revenues. An additional \$3.8 billion in foreign bank loans was recently signed to cover financial requirements during 1984. Easier credit terms were negotiated compared with previous loan agreements, including lower interest rates and an extended grace period.

Little if any growth in GDP is estimated for 1984. Recovery will depend on economic growth in the United States (Mexico's major trading partner), the Government's ability to expand investments without building more inflationary pressure, and success in reducing, or at least maintaining, current unemployment levels. The Government's economic recovery plan calls for investments in labor intensive services and industries, including transportation, communications, education, and rural development. Through periodic adjustments in wage rates, the Government is attempting to protect real income from further erosion in 1984. An additional 700,000 people are added to the labor force each year, roughly 3 percent, and past economic activity has failed to absorb all of them. Combined with falling real wages, this labor crisis could become a serious threat to Mexico's long history of political stability.

Agricultural Production Likely To Improve in 1984

Total agricultural production should remain strong in 1984. Sufficient and timely rainfall has raised hopes for above normal output, and reservoir water levels appear sufficient to provide irrigation for the remainder of the season. Damage from Hurricane Tico in the northwest was less than earlier anticipated, but the late December cold snap that hit the southern United States has reduced prospects for the citrus crop (particularly oranges), and did some damage to coffee plants. Production of the major grain crops will not show significant change from last year. In spite of mostly favorable weather conditions for planting and adjustments in support prices to keep real prices from falling, higher input prices and limited credit may dampen producer returns.

Irrigated wheat and rice areas were expanded in response to greater water supplies and, in the case of rice, to increased Government planting permits. Coarse grain output in 1984 is not expected to change from last year. Oilseed production could increase about 7 percent to 1.5 million tons, largely because of improved prospects for cotton.

Livestock production is estimated to respond to a gradually improved demand situation. Poultry, pork, and egg production could return to more normal levels during the year. Fresh beef imports might expand if the Government eases trade restrictions. About 30,000 head of dairy cattle are slated to be imported from the United States under an extended GSM-102 credit program, but shipments may not be in time to affect milk supplies. Poultry and pork consumption could expand at the expense of beef, especially if beef supplies remain tight. Egg producers will continue to benefit from subsidized sorghum and soymeal inputs.

Import Requirements Will Be Down in 1984

Agricultural import requirements will be reduced in 1984, reflecting the improved crop situation in 1983. Total grain imports are estimated at 6.4 million tons, down 25 percent from last year. Oilseed imports will be up, mostly for soybeans, as livestock producers increase feeding to meet growing demand. Vegetable oil and meal imports will be down as more imported raw oilseeds are domestically crushed. Large carryover stocks will lessen sugar imports in 1984, and, for the first time in several years, sugar may be exported. Imports of livestock products are expected to fall as domestic supplies increase. Higher cattle slaughter should lower tallow and hide import requirements unless domestic demand for tallow and export demand for leather products outpace domestic production. Large imports of NDM may still be necessary in 1984.

The United States has been facing growing competition for the Mexican agricultural market. So far this year, U.S. grain sales to Mexico have accounted for only 41 percent of total Mexican purchases (through summer delivery) and 71 percent of the oilseed market. In 1983 the United States supplied 95 percent of Mexican grain imports and 98 percent of its oilseed requirements. Argentina, Australia, Brazil, and Canada have stepped up their competitive activity by offering commodity specific credit packages (Australia and Canada) or by signing more general trade agreements (Argentina and Brazil). Mexico also entered into a barter transaction with Costa Rica to exchange 8,500 tons of dry beans for 15,000 tons of rice.

Part of the change in U.S. market shares also reflects an effort by Mexico to implement a stated objective of diversifying trade. Alternative export markets are also being sought; however, the bulk of Mexico's agricultural export sales will continue to cross the U.S. border: The United States purchases most of Mexico's fresh winter vegetables, live cattle, citrus fruits, and sesame seed; under the ICA, the United States is committed to a large share of Mexican coffee exports; however, the U.S. share of cotton is only about 5-10 percent. No change is expected in these market shares this year, even though total Mexican agricultural exports are forecast to expand.

(Myles Mielke)

BRAZIL

During 1983, crop production problems continued (for the second year) to plague Brazilian agriculture, and food production for the domestic market fell. However, in 1984, agricultural production is likely to rebound strongly, particularly among export crops. Export demand is expected to continue to absorb an increasing portion of meat production. Brazilian food consumption fell in 1983 because of declining real incomes, associated with continued economic recession, and increases of more than 50 percent in the real price of food. In 1984, food consumption may stop falling, but is unlikely to increase rapidly. Larger agricultural exports are likely to continue because exchange rates and world prices make exports profitable, and debt-service obligations mandate large trade surpluses.

Recession Hits in 1983

During the early and mid-1970's, Brazil's GDP grew at over 10 percent per year. Growth slowed in the late 1970's, and GDP fell in 1981 and 1983. Contributing to the recession were the oil price hikes in 1979, high real international interest rates, declining international demand for Brazilian products, and Brazil's foreign debt carrying with it the world's largest debt service. The fall in domestic demand was caused by declining wages, increased unemployment, and a distribution of income that left large portions of the population of certain regions—particularly the northeast—with little purchasing power. Under the International Monetary Fund (IMF) tutelage, Brazil has implemented policies designed to avoid default on the foreign debt. Unfortunately, some of these policies, particularly fiscal and wage policies, have exacerbated the fall in domestic demand. However, exports have been encouraged by a high exchange rate for the cruzeiro, special incentives, subsidies, and barter arrangements.

In 1984, an export-led recovery may result in a small increase in GDP. However, continued declines in real income are likely, leaving domestic demand depressed. The resources of Brazil may continue to be focused on servicing its debt. A record trade surplus of \$9 billion is projected, but this is insufficient to cover the minimal debt service obligations of about \$14 billion, so the foreign debt at the end of 1984 may increase to about \$100 billion.

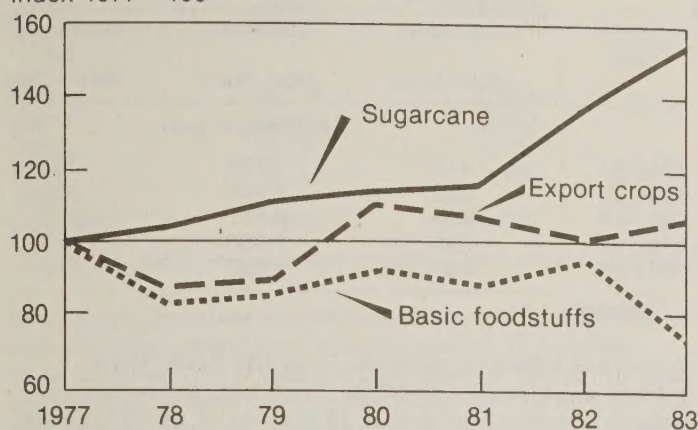
Crop Production Shifts

Excessive rains during harvest, reduced credit availability, and increasing input costs combined in 1983 to reduce most crops in the major commercial producing areas of southern Brazil. At the same time, a fifth year of drought lowered production in the northeast. However, in early 1984 rains returned to the northeast and some recovery can be expected there, although drought damage will continue to affect perennial crop yields. Many southern crops, harvested early in the year, have been generally better yielding than a year earlier. Export-oriented crops are likely to be particularly successful.

Coffee was an exception to the trend in 1983, up about 70 percent from the freeze-reduced crop in 1982. Because of sharply higher coffee production, the value of all Brazilian crop production increased 1.5 percent,

Brazil: Production Indices Per Capita, 1977/83*

Index 1977 = 100



Source: Agricultural Situation: 1983, Foreign Agricultural Service (based on an article in *Jornal do Brasil*, January 9, 1984).

*Assuming population growth of 2.3 percent. Basic foodstuffs: rice, dry beans, corn, manioc, and potatoes. Export crops: soybeans, oranges, cottonseed, peanuts, and tobacco.

despite production problems for other crops. In 1984, coffee production is forecast to decrease modestly.

Soybean production rebounded from drought-reduced 1982 levels, but excessive rains during harvest kept the outturn below trend. Area expanded in the north and west, where soybeans are single-cropped, while continuing to decline in the traditional areas where soybeans are double-cropped with wheat. In late 1983 soybean prices increased, providing an incentive to plant more soybeans; this resulted in record area planted for the 1984 crop. However, unfavorable weather, input constraints, and poor seed quality may keep yields below trend, resulting in 1984 production near the 1981 record.

Orange prices were low and weather unfavorable in the major production areas of Sao Paulo, resulting in declining production in 1983. However, after the Florida freeze, prices increased, providing incentives to raise input use and to try increasing the 1984 harvest. Higher price prospects may provide the incentives needed to increase investment in orchards, expanding long-term production potential.

Sugarcane production increased modestly in 1983. The Sugar and Alcohol Institute has prepared a production/marketing plan for each year and maintained sufficient incentives to increase sugarcane production by over 50 percent between 1977 and 1983. However, in 1984, prices were not increased as much as the institute recommended and production may not increase.

Beef Production Expanded; Poultry Production Fell

Pasture-fed ruminants generally fared better in 1983 than poultry or swine, whose production was depressed by high prices for corn and soymeal combined with reduced demand. However, despite moderating feed prices in 1984, the retention of cattle for herd expansion and continued weak demand for poultry may limit meat production.

Beef production during early 1983 expanded as high meat prices caused increased cow slaughter. As the high prices continued, producers began holding more heifers for herd rebuilding, causing slaughter to drop and leaving meat production at 1982 levels. Although animal numbers may increase in 1984, beef production may remain at year-earlier levels.

Broiler output declined in 1983 for the first time in 11 years. Sharply higher feed costs, reduced exports, and depressed domestic demand caused reduced profits. In 1984 feed costs may moderate, but continued poor demand, both foreign and domestic, is likely to cause a decline in poultry production for the second straight year.

Food Consumption Declined

Commodity substitution has been taking place as income declines. Expensive foods, particularly meat, have given way to cheaper foods, such as wheat. As expected, beef, poultry, and pork consumption fell. The wheat demand situation is complicated by the gradual reduction of consumer subsidies (expected to be phased out by 1985). However, shortages of other starchy staples have driven up the prices of wheat alternatives faster than the wheat price. As a result, wheat consumption has increased as consumers turned to the cheapest food available.

Food prices increased 228 percent in 1983 while the general inflation rate was 178 percent. Since 1975, production of some basic food staples has stagnated (wheat, black beans, and manioc in particular) while population growth has continued at about 2.5 percent per year. Food reserves were low at the beginning of 1983; bad weather caused critical shortages of manioc, corn, rice, and dry beans. Since foreign exchange was severely limited, imports were not increased dramatically. The adjustment took place in demand—prices skyrocketed and per capita consumption fell. Consumer incomes fell in 1983, further aggravating the adjustment to higher food prices. Instead of fully indexing salaries to inflation, as part of an anti-inflationary plan, salary adjustments were limited to 85 percent of the inflation adjustment. Increased unemployment also eroded consumer purchasing power.

A more stable economy in 1984 may halt the growth in unemployment, though employment increases are likely to be limited to export-oriented industries. Real prices for food are unlikely to increase as dramatically as they did in 1983. However, continued adjustment of incomes by less than the inflation rate probably will continue to dampen consumer purchasing power. A modest increase in employment, offsetting declines in purchasing power, and stable food production may halt the decline in consumption of agricultural goods.

Trade Constrained by Debt

Brazil is faced with servicing a foreign debt that could reach \$100 billion by the end of 1984. Most policy decisions have been constrained by this debt, but none more than trade policy. Large continuous trade surpluses are seen as necessary for debt servicing. In order to achieve this, Brazil has maintained an under-valued exchange rate. Although some export subsidies have been reduced or eliminated, they tend to be the last subsidies to go. In

1983 the trade surplus reached \$6.49 billion and a \$9 billion surplus is planned for 1984.

Major exports are agricultural commodities, especially soybean products and coffee. High world market prices have combined with a favorable exchange rate to make exports extremely attractive for producers of soybean products and frozen concentrated orange juice (FCOJ). Coffee revenues also increased 10 percent in 1983. Greater volume and higher coffee bean prices more than offset lower prices for freeze-dried coffee. Barring unforeseen disturbances, coffee markets are expected to be stable in 1984.

Soybean meal export volume increased by over 10 percent in 1983,* driving up revenues. Though still small in relation to meal exports, raw bean exports doubled. Refined soybean oil exports also doubled, more than offsetting a drop in crude soybean oil exports. In 1984, high prices for soybean products may further increase revenues 10-15 percent. However, CACEX, Brazil's export regulatory agency, has limited oil and soybean exports for fear of driving up domestic prices.

Beef export revenues expanded nearly 10 percent in 1983. The high exchange rate helped make the exports market an attractive alternative to the domestic market, which experienced weaker demand. Broiler exports were hurt by competition from EC exports, greater production in several Middle Eastern countries, and the reduction of Government export financing. Higher corn and soymeal costs also made Brazilian broiler exports less remunerative. In 1984 the same factors may continue to increase beef exports and depress broilers. However, a move into the higher priced poultry parts market could improve export revenues for poultry in 1984.

The United States will most likely continue to face increased competition with Brazilian agriculture, particularly for soybean products, poultry, and FCOJ. The relatively low U.S. wheat prices are increasing Brazil's demand for this major export. Wheat accounted for 88 percent of total U.S. agricultural exports to Brazil in 1983. However, the elimination of the wheat consumption subsidy may decrease demand and, in the long run, limit U.S. wheat exports to Brazil. (*Edward Allen*)

THE RIVER PLATE

The River Plate nations (Argentina, Paraguay, and Uruguay) are largely self-sufficient in food and agricultural products. Imports of agricultural products usually originate within the region, including Brazil. Agricultural production in the River Plate is highly commercialized and export oriented. These nations compete with the United States in world markets for grain and oilseeds. Between 1980-83, Argentina's share of world grain trade was nearly 10 percent compared with 50 percent for the United States; Paraguay and Argentina accounted for about 13 percent of world soybean exports compared with about 77 percent for the United States. Argentina accounted for nearly 30 percent of world sunflower oil exports. The following table shows oilseed exports from the River Plate region.

*Banco de Brazil, CACEX data.

Selected oilseed and product exports

Year	Paraguay	Argentina	
	Soybeans	Soybeans	Sunflower oil
	(Feb.-Jan.)	(Apr.-Mar.)	(Mar.-Feb.)
1,000 metric tons			
1980/81	415	2,726	300
1981/82	630	2,190	207
1982/83	830	2,151	435
1983/84	610	1,350	620
1984/85 ¹	430	2,050	570

¹Forecast.

Exports of livestock products from the River Plate nations are also considerable. Together, Argentina and Uruguay account for nearly 15 percent of world trade in beef and veal. The following table shows selected livestock exports from the River Plate region.

Beef and veal exports from Argentina and Uruguay

Year	Argentina	Uruguay	World
1,000 metric tons			
1980	469	117	4,417
1981	486	173	4,491
1982	522	169	4,662
1983	415	210	4,578
1984 ¹	300	180	—

¹Forecast.

Argentina

Economic Growth May Be Suffocated by Debt

Argentina's economy expanded an estimated 2.8 percent in 1983, and officials are forecasting 5 percent growth in 1984. Argentina's economy languished at under 2 percent annually in the boomtime second half of the 1970's when Brazil and Mexico were growing three times as much. Recently, the impacts of global economic recession and economic austerity have resulted in lower GDP for most debtor nations. In contrast, Argentina's GDP increased for 6 consecutive quarters, beginning in the second half of 1982.

Still, Argentina's economic growth is threatened by an enormous foreign debt—\$44 billion in 1984. Debt payments for 1984 are \$13 billion, including \$5.5 billion in interest payments. This amounts to about 20 percent of GDP and more than 100 percent of export earnings. Argentina is being squeezed between the inability to pay its debt and the need to import essential goods and services. The Government has implemented import restrictions as a means of keeping needed foreign exchange at home. But if import restrictions are continued, the lack of essential goods may dampen economic growth, particularly the official goal of 7 percent growth in the industrial sector.

Grain Marketing Proceeds Smoothly Despite Heavy Rains

This season's wheat, corn, and sorghum crops are an estimated 29.6 million tons, down from 31.5 million for a year earlier. Wheat production is estimated 12.0 million

Argentina: Grain exports by destination¹

Year	USSR	Latin America	Western Europe	Africa, Middle East	Asia	Total ²
1,000 metric tons						
1980	6,755	1,463	492	143	2	9,521
1981	14,931	1,420	882	382	58	17,799
1982	8,744	1,120	1,489	1,428	1,610	14,391
1983	9,119	1,485	1,810	3,034	6,388	21,920
1984 ³						
Jan.-May	4,688	2,228	1,116	1,732	1,102	11,162

¹Includes wheat, corn, and sorghum only. ²Total includes other destinations. ³Based on monthly data for January-May.

tons, down from last season's record crop of 14.5; corn and sorghum production is an estimated 17.2 million tons, up from 17.0 a year earlier. Most of the grain crops are shipped as soon as they are harvested, so adverse harvesting weather can delay export activity. But marketing of 1983/84 wheat (Dec.-Nov.) and 1984/85 coarse grains (March-Feb.) proceeded smoothly despite heavy rains during March/April.

Excessive rains during harvest did not interrupt grain marketing, nor did they reduce soybean yields, but the sunflower crop was hampered. The 1984 soybean harvest is estimated to produce a record 6.0 million tons. Excess rains did not reduce yields because late planted soybeans, usually 75-80 percent of the crop, are not harvested until later in the season. On the other hand, heavy rains reduced sunflowerseed production, an estimated 2.2 million tons, down from 2.3 million a year earlier.

Argentine farmers export about 70 percent of their grain and oilseed production and about 20 percent of their beef production. The above table shows grain exports from Argentina by destination.

Policy Changes May Increase Wheat Output

Wheat planting for next season's crop is currently underway. Production is projected to be 12.2 million tons, up from 12.0 harvested in 1983. Exportable supplies are projected at 7.5 million tons, about the same as last year.

Although planting intentions indicate reduced wheat acreage because of low relative prices, government policies may spur 1984 production.

- Wheat support prices were announced prior to planting; usually support prices are not announced until shortly before the wheat harvest.
- The value-added tax on herbicides has been reduced from 18 percent to 5 percent.
- Import tariffs on fertilizer have been reduced and farmers are entitled to exchange wheat for fertilizer at the rate of 2.5 kg of wheat for 1 kg of fertilizer (urea). Historically, less than 15 percent of Argentina's wheat acreage is fertilized, compared with 70 percent in the United States.
- As of December 1983, the export tariff on wheat was reduced from 25 percent to 18 percent.

Cattle Cycle Enters Retention Phase

Cattle slaughter for 1984 is forecast to increase to 12.0 million head, up from 11.4 a year earlier. There is some

speculation that final slaughter could be higher and therefore jeopardize the retention if lower beef prices reduce profitability. However, most sources believe that a slight retention phase will continue this year.

Beef exports from Argentina in 1983 were down about 20 percent, the lowest since 1975. Exports were down as a result of reduced slaughter, narrow margins for beef exporters, and increased foreign competition. The EC market for Argentine beef was reduced by higher EC production; the Egyptian market was reduced by competition from Uruguay and Brazil. (*Jorge Hazera*)

Paraguay

Agriculture Drives Growth

The outlook for Paraguay is for modest economic growth. A major factor in this forecast is the improved outlook for agricultural production, particularly cotton and soybeans. Agricultural production plays a vital role in Paraguay's economy, accounting for about 30 percent of domestic output, nearly 50 percent of employment, and more than 90 percent of export proceeds.

Paraguay enjoyed 22 years of uninterrupted economic growth until 1982 when GNP dropped 2 percent. In 1983 GNP is estimated to have dropped 5 percent—largely on account of heavy rains and flooding which caused severe losses to agricultural production. Inflation and unemployment both moved from about 7 percent in 1982 to an estimated 13 percent in 1983.

Cotton and Soybean Production Recover From Year-Earlier Flooding

Cotton production in 1984 is an estimated 90,000 tons, up 13 percent from last year's depressed level. Exports (Apr.-Mar.) are expected to run about 90 percent of production. Soybean production in 1984 is an estimated 550,000 tons, up from 520,000 a year earlier, but below 600,000 recorded in 1982/83. Exports (Feb.-Jan.) are forecast at 430,000 tons.

Heavy rains during the April-July period depressed Paraguay's 1983 agricultural production by 5 percent. Cotton and soybeans were especially hard hit as soybean marketing and cotton outturn were reduced by flooding and rain. Still, cotton and soybean exports accounted for nearly 70 percent of Paraguay's export earnings from agricultural products in 1983, down from about 77 percent in 1982.

Wheat is Paraguay's principal agricultural import. In order to reduce imports of wheat from Argentina—the

traditional supplier, the Government of Paraguay is encouraging wheat production. On the other hand, a favorable exchange rate for wheat imports provides an indirect subsidy for wheat consumption. This tends to frustrate the goal of self-sufficiency in wheat by driving up domestic demand. Although acreage is expected to be up, the October 1984 wheat crop is forecast down somewhat from last year's record 107,000 tons crop. (*Jorge Hazera*)

Uruguay

Exchange Rates Favor Exports

The Uruguayan economy is expected to show about 4 percent growth in 1984, up after 3 successive years of recession. The major constraints to recovery include high private sector indebtedness and high interest rates.

Uruguay exports nearly 50 percent of its beef and veal output and 90 percent of its wool crop. Together, beef and wool exports, not including sizeable exports of leather and textile byproducts, account for nearly 40 percent of total export earnings.

Beef, Wool, and Rice Exports Are Up

Uruguay produced 412,000 tons of beef in 1983, up about 8 percent over a year earlier. Lower incomes and higher prices reduced domestic consumption and increased availability for export in 1983, up 30 percent over a year earlier. An estimated 2.1 million head were slaughtered as currency devaluations and incentives for exporters

spurred shipments to a record 225,000 tons in 1983, compared with 169,000 a year earlier. The principal customers were the Middle East, Europe, and Brazil. Argentina imported 100,000 head of live heifers for breeding.

Producers may be entering the retention phase of the cattle cycle in 1984 in anticipation of continued price strength. The 1984 calf crop is expected to increase by 5 percent, and the slaughter is forecast to decrease by about 10 percent. Exports in 1984 are forecast to decrease by nearly 26 percent and domestic disappearance is forecast to remain at last year's depressed level.

Whereas currency adjustments spurred wool exports and reduced the sheep slaughter in 1983, the outlook for 1984 may be influenced by developments in the beef sector. The 1984 sheep slaughter is expected to increase slightly as cattle retention spurs beef prices and meat prices in general. Moreover, ranchers may replace more of their sheep with cattle, depending on the relative strength of beef prices. Still, ending inventories in 1984 are forecast at 23.8 million head of sheep, up from 23.3 a year earlier.

Rice production and exports recovered from last year's depressed level. Exports in 1984 (April-March) are expected to increase 43 percent to 245,000 tons. Brazil, Iran, and Nigeria are the principal customers for Uruguay's rice exports. In 1983 Taiwan imported 25,000 tons of sorghum and 35,000 tons of wheat from Uruguay. Both countries have entered into a long-term (1983-86) trade agreement indicating that this level of exports may continue.

LATIN AMERICAN DEBT EXCEEDS \$300 BILLION

Over the last decade, Latin America's debt has become increasingly burdensome. Borrowing for productive investments gave way to borrowing for consumption. Total indebtedness for the region increased from \$89 billion in 1975 to \$205 billion in 1980. Then exports plummeted as a result of the worldwide recession during the early 1980's. The lack of export earnings forced many countries to borrow new money just to repay existing debts. By 1983 the region's debt had climbed to over \$300 billion. Meanwhile, repayment schedules were

becoming shorter—terms for repayment were reduced from up to 15 years in the early 1970's to less than 5 years in the early 1980's.

The traditional measure of a country's ability to repay its debt — the debt-service ratio—compares interest and principal payments with export earnings. The debt-service ratio, however, cannot reflect the gravity of the debt situation in Latin America. Debtors are hard pressed to meet their interest payments, not to mention repayment of principal. During normal periods, principal payments on the debt are refinanced more or less automatically by creditors, and when circumstances deteriorate markedly, they tend to be rescheduled. However, this sort of guarantee of renewal does not exist for interest payments. The gravity of the situation is perhaps best reflected in the ratio of interest payments to export earnings or in the level of debt relative to gross domestic product (GDP). The following table compares these indicies of debt for selected Latin American countries.

The debt crisis has led most Latin American countries into agreements with the International Monetary Fund (IMF) on economic adjustment policies. Thus far, adjustments have been temporary —designed to reduce fiscal and external deficits. At this juncture, it is widely recognized that a lasting solution to the debt burden must include structural economic changes.

Latin America's debt in 1983

Country	Debt owed U.S. banks	Total debt	Debt-service ratio ¹	Interest-service ratio ²	Debt-GDP ratio ³
	Billion dollars		Percent		
Argentina	15.4	44	133	51	41
Brazil	31.6	93	116	44	32
Chile	9.0	18	80	38	60
Mexico	33.8	89	128	38	33
Peru	5.8	12	89	32	41
Venezuela	14.7	35	78	19	62
Latin America	124.0	310	64	35	36

Source: United Nations, Economic Commission For Latin America, Adjustment Policies and Renegotiation of the External Debt, Lima, Peru 1984.

¹Principal and interest as a percentage of export earnings. ²Interest payments as a percentage of export earnings. ³Total external debt as a percentage of GDP.

Wheat Imports Exceed Exports

Termination of government subsidies to wheat farmers caused a significant drop in planted area in 1983. Wheat production fell about 15 percent to 270,000 tons. Low domestic wheat prices and government export subsidies will result in wheat exports early in the year, followed by wheat imports to meet domestic demand later in the season. Wheat exports (Dec.-Nov.) are expected to reach 100,000 tons, compared with 125,000 in 1982; wheat imports are forecast at 235,000 tons, compared with 210,000 a year earlier. (*Jorge Hazera*)

ANDEAN COUNTRIES

U.S. agricultural exports to the Andean countries (Venezuela, Colombia, Peru, Chile, Bolivia, and Ecuador) are expected to increase to reach \$1.7 billion in 1984, primarily because of higher world prices for major commodities exported. Wheat, feedgrains, and soybean and oilseed products will continue to be the principal U.S. exports to the Andean countries. Inflation in 1983 went from triple-digit proportions in Bolivia and Peru to less than 10 percent in Venezuela. For most people, this rapid increase in prices has not been accompanied by a similar improvement in salaries so a continuing loss of purchasing power was experienced. The Andean countries will continue to have to work through their financial problems—limited, if any, income growth; negative trade balances; and a burdensome foreign debt (now in excess of \$85 billion).

Total agricultural imports will continue to decline in 1984. All countries devalued their currencies during 1983 and several have had mini-devaluation in 1984. The continued devaluations vis-a-vis the dollar will make U.S. agricultural exports more expensive for these countries than the increased dollar prices would indicate, but this will be alleviated somewhat by U.S. Public Law 480 and GSM-102 export programs. Overall, U.S. exports to the region are facing growing competition and increased trade restrictions by the countries themselves.

The Andean countries' 1984 agricultural production will recover from the 6 percent decline in 1983. Bolivia, Ecuador and Peru—whose weather-related crop disasters occurred as a result of El Nino*—should register the most recovery. But general economic problems, government budgetary restrictions, and high interest rates have made the financing of increased agricultural output unusually difficult in 1984. Currency devaluations have made imported feedstuff, seeds, equipment, and agricultural chemicals even more expensive, further hindering achievement of import substitution goals that dominate farm policy in the region.

Among commodities, potato production will increase the most, and corn, rice, and wheat will increase significantly. Production of major export products like coffee, sugar, cocoa beans, and bananas is also expected to increase. While beef and pork production will remain close to their current levels, poultry production may decline because of the added cost of imported feed grain

and oilseed meal (necessary for broiler production) and because of market saturation.

General Economy May Show Some Upturn in 1984

The Andean region is expecting some economic growth in 1984,* as it recovers from the worst economic crisis since the Great Depression. An upturn in the world economy and internal factors, like improved weather and business confidence, are contributing to this recovery. Only Bolivia is expected to have a continued slump through 1984.

In the foreign trade sector, export prices for the region's principal agricultural and mineral products have already risen enough, and imports have been curtailed in several countries to cancel out the negative trade balance of the early 1980's.

But the region's external debt, which is now in excess of \$85 billion, compared with \$75 billion a year earlier, will continue to hinder growth. Over half of the debt is owed by Venezuela and Chile, which have some of the highest per capita indebtedness in the world. The debt-service ratio on public long-term debt is about 35 percent for the region. Nevertheless, the growth of indebtedness during 1984 is expected to be minimal because of austerity measures and reductions in the credit offered by international financial organizations. (*H. Christine Bolling*)

Venezuela

Last year marked a transitional year for Venezuela. Many of the problems associated with falling oil export earnings have been felt through the entire economy. Oil export earnings, which peaked at \$19.1 billion in 1981, were down to \$13.6 billion in 1983. Real GDP declined 4.5 percent during 1983, but the outlook for 1984 is more optimistic, with real growth of 1 percent expected.

Imports are expected to be approximately \$8 billion and exports \$15 billion. Oil exports alone are forecast to total about \$14 billion. The balance of payments will have a deficit of approximately \$2 billion because of repayment of interest from unpaid obligations in 1983. The foreign debt is expected to be renegotiated in 1984 with long-term repayments of approximately 10 years and grace periods of 2-3 years.

Agricultural Output Stabilizes

Agricultural production is expected to improve slightly in 1984 because of new supportive governmental policies. Output may rise 3-4 percent for such crops as cereals, oilseeds, coffee, sugarcane, pulses, and cocoa. In comparison, total agricultural output remained unchanged in 1983 and per capita output declined as population growth continued.

The commodity situation in 1983 and the outlook for 1984 are as follows:

- Grain and feed production in 1984 should improve from last year's 24 percent decline, caused by credits being unavailable or late.
- Oilseeds and fibers registered increased output in 1983.

*The El Nino weather phenomenon is thought to be caused by a shift in a Pacific Ocean current that resulted in unexpected droughts and flooding along the western coast of South America (Bolivia, Ecuador, and Peru).

Total oilseed production is anticipated to grow slowly in 1984.

- Sugar production is estimated at 375,000 tons for 1984 compared with 380,000 tons in 1983.
- Livestock production is estimated to increase slightly in 1984.

Merchandise Trade Picks Up

Total imports are expected to rise to \$8 billion in 1984 from a low level of \$5.3 billion in 1983. Although total imports exceeded \$13 billion in 1982, Venezuela's declining export earnings (coupled with import restrictions and devaluations of the bolivar) depleted inventories of most commodities in 1983. Imports of essential foods, however, increased. Venezuela depends on food imports for more than 50 percent of its total food consumption. Total agricultural imports for 1983 were \$1.1 billion, with nearly 60 percent originating in the United States.

Market for U.S. Agricultural Products Improves

During the first quarter of 1984, Venezuelan imports of agricultural products from the United States were up more than 30 percent from the same period in 1983. This suggests U.S. agricultural exports to Venezuela may once again approach \$800 million. U.S. agricultural exports to Venezuela dropped from a high of \$893 million in 1981 to an average \$670 million per year in 1982 and 1983. Demand for U.S. wheat, corn, and oilseed products, among others, remains strong. But, with stocks depleted in 1983, it appears imports will be higher in 1984 to prevent food shortages. (*Maria-Elena Pomar*)

Colombia

Although agriculture still composes about one-fourth of Colombia's GDP, it has not been able to meet the needs of a growing population. The 1984 output will show another marginal increase over the 1-percent growth of 1983, when declines in 1983 coffee, corn, wheat, banana, rice, and poultry production occurred. The 1983 coffee production was 13.3 million bags compared with 14.3 million bags in 1982; a high stock buildup and a profit squeeze in coffee will keep 1984 production at last year's level, with coffee accounting for 60 percent of total exports. Scarce rainfall in the wheat- and sorghum-growing areas in late 1983 kept their early 1984 harvests down; weather patterns are currently close to normal except for localized droughts in late 1983 in some grain-producing areas. Export bananas will be up if disease (black sigatoka) does not hit the production area. Rice production is expected to recover to 1982 levels, and there are still considerable stocks on hand. Poultry production will level off as the industry has been sensitive to slowed consumer buying and higher import feed costs. In 1984, improvements are expected in soybeans, sugar, dairy, cocoa, African palm, and cotton production.

Exports Exceed Imports

Domestic demand and import demand in 1984 will hold about the same as in 1983 since the growth in real income will nearly be matched by population growth. Real income is expected to grow about 2.5 percent and

population about 2.2 percent. Although Colombia's agricultural imports more than doubled during the 1970's, present prospects are limited by the restrictive import policies enacted to alleviate the current balance-of-payments problem, and this may outweigh the positive influence of the economic growth. To stem the decline in foreign reserves resulting from the trade gap and the repayment of the \$10-billion foreign debt, the Colombian Government in 1984 issued a complete ban on imports of many types of meat and poultry, several dairy products, rice, milled products, refined vegetable oils, sugar, and coffee. Wheat and soybean products have also been subject to licensing and import tariffs.

Through April of 1984, U.S. agricultural exports to Colombia have declined 12 percent. Wheat exports to Colombia have increased, but sorghum exports were down by 70 percent. In the oilseed complex (oilseeds, vegetable oil, and oilseed meal), soybean exports have replaced soy oil, but oilseed meal has remained steady; overall the value of soybean product exports has been maintained. Fruit and vegetable exports have been hit the hardest by this belt-tightening. The United States has attempted to alleviate some of these declines by offering GSM-102 credits to Colombia. (*H. Christine Bolling*)

Peru

Peru's agriculture accounts for only 13 percent of the GDP, but is especially important because it employs 40 percent of the population. Agricultural production in 1984 will show significant recovery from the 8.5 percent decline resulting from the 1983 El Nino, when most crops were down, with potatoes declining 600,000 tons and grains and feeds falling 12 percent; cotton was also extremely hard hit. The fish catch—particularly that used for fish meal—declined sharply, affecting international soybean meal prices. Poultry and eggs, however, were a bright spot.

Economy Has Been Slipping

Overall, the Peruvian economy has been slipping for several years. This has discouraged consumer demand for income-sensitive commodities but increased food aid needs. Last year's El Nino droughts in the south, coming on top of other economic problems, caused a 12-percent decline in real income and three-digit inflation, the worst economic situation of the century. This year is expected to bring partial recovery—a 4-percent increase in GDP is forecast for 1984.

Peru is attempting to work its way out of its recent international financial problems. In 1983 Peru returned to a favorable balance of trade, mostly because of a 30-percent decline in imports. While reserves were increased in 1983, the repayment of the foreign debt of \$12 million is a formidable problem.

Production Increasing

This year, weather patterns are returning to normal. Rains have moderated in the north, where El Nino caused floods last year, and rainfall has returned to last year's drought-stricken south. In general, production should increase, especially potato production. Rice production will reach record levels and corn will be back up to normal. Wheat, barley, and sorghum will register lim-

ited increases because of the lack of price incentives. Cotton production will nearly totally recover. Fish meal production will improve but not to 1982 levels. Coffee will decline slightly because of lower prices resulting from excess stocks; beef production will decline slightly, but poultry may fall as much as 20 percent because of the slowdown in consumer demand.

U.S. Exports Up

U.S. agricultural exports to Peru have increased 15 percent from a year earlier (because of higher export commodity prices) and the carryover from last year's added import needs (because of El Nino). The volume of exports has steadied, but a larger share has been from Public Law 480 aid and GSM-102 credits. U.S. wheat exports to Peru declined 29 percent through April, and U.S. corn exports declined 20 percent. Soybean oil exports have declined to zero. Sugar was imported for the first time, in response to last year's crop shortfall. U.S. agricultural imports from Peru have risen, with coffee as the major item.

Peru's import policies are aimed at tightening imports and include an increase in the surtax on the cost, insurance, and freight (c.i.f.) value of many imported commodities, from 10 to 15 percent in 1984. Wheat, NDM, butter oil, dry whole milk, and rough and milled rice are exempt from this duty. The Ministry of Agriculture also sets import quotas for these basic food commodities. Moreover, Peru devalued its currency from 697 escudos per dollar in 1982 to 1625 escudos in 1983, making import items more expensive. The outlook is for a further improvement in the trade balance as export prices for minerals and petroleum, its major exports, increase. (H. Christine Bolling)

Chile

Chile is looking forward to an improved agricultural year following the 2-percent decline of 1983. Last year, livestock output declined 3.4 percent and crop output, 1.1 percent, mostly for economic rather than weather-related reasons. Production of the major grains and potatoes dropped sharply. Grapes continued their recent sharp upward trend. Beef production was up only because of herd liquidation, but broiler production declined 25 percent.

The outturn for 1984 is generally brighter. The wheat harvest of December 1983 (which affects 1984 import needs) was up and marks a break in the recent downward trend. A sharp increase in the wheat support price to producers boosted wheat plantings, but dry weather in late 1983 kept yields low. Overall output of grain is expected to be up 15 percent. The September 1983-April 1984 sugar beet harvest is also higher because of improved producer prices.

Fruit Production Up; Livestock and Poultry Production Down

Deciduous fruit production (particularly apples and grapes) will continue its sharp upward trend. The present production level is forecast to double during the next 5 years as new orchards and vineyards come into production. These crops are very export oriented. They

now compose 6 percent of Chile's total export earnings and are growing.

The outlook for livestock is not promising. The drought in the southern regions has seriously affected pastures, reducing weight gains and milk output of grass-fed cattle. Poultry production is expected to remain in the doldrums unless feed costs can be held in check. Moreover, consumer demand for livestock products must increase sharply before it can act as a stimulus to livestock and poultry production. But in recent years per capita real income has taken a downturn, weakening consumer demand for those products.

The agricultural sector, contributing 8 percent of the total GDP, was a reflection of the general economy, which experienced a 1 percent decline. It appears that the Chilean economy is on an upturn. The chaotic economic events of 1982 (a 12-percent decline in real GDP in that year) carried over into 1983, but by year's end the severe financial crisis had passed. The bright spot was the trade surplus, despite low international prices for copper, Chile's major export. While Chile is still faced with a large foreign debt (nearly \$20 billion), prospects for the economy are brighter than they were a year earlier and Chile is again looking forward to another trade surplus. Agricultural imports still are being influenced by the general economic austerity programs. During the first 7 months of fiscal 1984, U.S. agricultural exports declined by 21 percent. U.S. wheat exports declined by 11 percent, with the improved Chilean wheat harvest slowing down import needs for the remainder of the year. Through April, fiscal 1984, U.S. corn exports to Chile declined 56 percent, reflecting Chile's cutbacks in poultry feed requirements. Wheat constitutes 70 percent and corn, 15 percent of U.S. agricultural exports to Chile. Chile's agricultural exports to the United States have continued their upswing, with fresh fruit the major component; table grapes alone account for 70 percent of the total. (H. Christine Bolling)

Bolivia

Bolivian agriculture was the hardest hit by El Nino, suffering a 30-percent shortfall in 1983 production. Potatoes, the country's principal staple, declined by two-thirds. Livestock suffered high death losses.

The outlook is for improved agricultural production, but the *altiplano* (the mountainous region) areas affected by the drought faced food shortages until the 1984 crop cycle began. Potato production will still be down about 20 percent from normal; corn and soybeans should recover to predisaster levels, and rice will be a bumper crop. Livestock production will require 5-7 years for full recovery.

Economy Continues Downturn

Agriculture provides about 15 percent of the GDP and employs about half of the work force, but the total overall GDP fell 6 percent. Inflation measured 300 percent, but the overall financial situation had been deteriorating since 1977. Bolivia is carrying a \$3-billion foreign debt but maintained a trade surplus in 1983. The price of tin and natural gas, its major export earners, will be key determinants in Bolivia's economic growth, but the business and political climate points to a

continued downturn in the economy. Consequently, there is no strong base for commercial agricultural imports. Bolivia was the second largest recipient of Public Law 480 aid in South America and may require food aid for some time.

U.S. agricultural exports to Bolivia during October 1983-April 1984 are quadruple those of a year earlier, and many of these exports were Public Law 480 aid to alleviate the food shortages. Rice was a new item and, at 29,000 tons (\$9 million), was the highest valued agricultural export item. Pulses, at 3,000 tons, were also a new export. Wheat flour exports of 34,000 tons increased ninefold, and soybean oil exports nearly doubled from a year earlier. U.S. agricultural exports are falling off as Bolivia's early-year harvests come to market, but total exports this fiscal year will be higher than a year earlier. U.S. agricultural imports from Bolivia will also be higher, with sugar composing about 80 percent of the total. (*H. Christine Bolling*)

Ecuador

Agricultural production is expected to improve in Ecuador, which also suffered a 15-percent shortfall last year because of El Nino. Last year, the main crop corn dropped 25 percent and soybean, 83 percent. Production of rice, bananas, coffee, cotton, and cocoa beans also fell. Oil palm was one of the few crops that benefitted from the extremely wet conditions. Beef and pork production in 1983 were nearly level, but only because of a heavy drawdown on cattle and hog inventories. Poultry and egg production increased last year but not as rapidly as in the recent past; milk production declined. The effects of the bad harvest were hard felt because agriculture employs nearly half of the country's work force, even though agriculture's share of GDP is only 12 percent.

Crop Production Expected To Rebound

Although they are late, the rains that are crucial for the 1984 crop started in January and are back to normal levels. Consequently, crop production is expected to rebound. Rice and corn are beginning to be harvested on a large scale in the tropical coastal area and are expected to recover completely. In the oilseed complex, palm oil production (accounting for 87 percent of oilseeds) will continue its strong upward trend. Soybeans were hurt by delayed plantings because of El Nino rains, so Ecuador's soybean production will not recover until the next crop cycle in the fall of 1984.

There have been no recent sugar exports because of 2 consecutive years of short crops; there will not be any exports until the new harvest is undertaken in late June 1984. The banana crop was especially hard hit in 1983, with a 21-percent decline in yields and the destruction of about 12,000 hectares by severe flooding. Banana production will recover in 1984, and Ecuador will return to being the world's leading banana exporter. Coffee, with a harvest commencing in April, is rebounding because of better weather and new production areas. Cacao trees were hit by root rot and disease infestations because of last year's El Nino flooding, so recovery in the upcoming harvest season will not be complete.

Poultry and egg production are expected to return to their rapid long-term growth trends. But the drawdown

in cattle inventory, 5 percent, and hog inventory, 20 percent, will limit red-meat production in the near future.

Through April, U.S. agricultural exports to Ecuador were 50 percent higher than a year earlier, but much of this is a carryover from last year's added import needs and may not continue so strongly into 1984/85. Wheat is running 24 percent higher than a year earlier. Corn and soybean exports nearly doubled to meet the feed gap. Soybean meal and cotton exports are new items; both were imported by Ecuador to match the shortfalls in domestic production. Many U.S. exports to Ecuador are financed through GSM-102 programs. Ecuador was also a recipient of Public Law-480 Title II and Title III aid in 1983. Ecuador's main agricultural exports to the United States—bananas, coffee, and cocoa products—are also on the upswing; Ecuador maintains a positive agricultural trade balance with the United States. (*H. Christine Bolling*)

THE CARIBBEAN BASIN¹

The agricultural and economic situation in Caribbean and Central American countries improved slightly in 1983. Agricultural production returned to more normal levels, following the 1982/83 drought and the beginning of the rainy season in June 1983. The social and political unrest in Central America was contained within the borders of El Salvador and Nicaragua for another year; the political crisis in the eastern Caribbean was defused with a change of government in Grenada, and most countries in the region successfully curtailed imports in 1983 to preserve balance-of-payments positions.

Preliminary figures for 1983 and early 1984 suggest that export earnings were generally better than anticipated, even though world market prices for traditional exports remained depressed, with the exception of cotton. Better harvests in the past year have also made it easier for governments to control imports and inflation.

President Reagan's Caribbean Basin Initiative (CBI)² has also generated an awareness of business potential throughout the region. Although the recent recession in this part of the world appears to have bottomed out, significant increases in agricultural and nonagricultural output and export earnings must be forthcoming in the next few months to avert further political, economic, and social hardships. Economic belt-tightening has gone about as far as it can without a negative effect on the productive capacity of the Caribbean Basin economies.

CENTRAL AMERICA

Although the political, social, and economic constraints that interrupted the strong growth of the economies of the Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) remain, it can be said that the situation looks better today than in 1983. The relatively peaceful elections in El Salvador and Panama, the implementation of the CBI, the better prospects for the region's key export products, and the

¹The Caribbean Basin is a broad term having many meanings, but the most common meaning as used in this report includes all Central American and Caribbean island nations and territories, plus Guyana, Suriname, and French Guyana in South America.

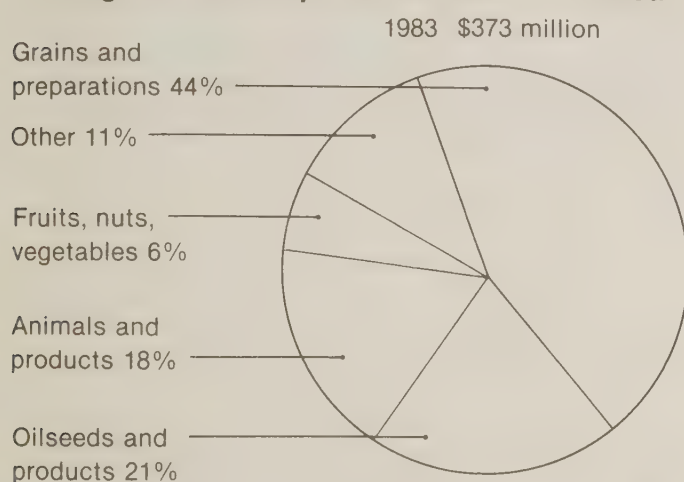
²See special article, "Caribbean Basin Initiative Takes Shape."

Major agricultural imports and exports of Central America¹

Commodity	1981	1982	1983 ²	1984 ³
1,000 metric tons				
Imports				
Wheat	458	443	506	500
Corn	160	200	307	300
Oilseed meal	104	80	121	120
Vegetable oil	51	80	70	50
Animal fat	72	65	85	70
Exports				
Bananas	2,675	2,731	2,596	2,700
Coffee	396	474	504	500
Sugar	610	530	859	817
Cotton	174	148	148	140
Beef	71	55	45	50

¹Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. ²Preliminary. ³Forecast.

U.S. Agricultural Exports to Central America



mutual commitment of neighboring countries to help the region are among the factors that brighten the future of this troubled area.

Encouraging 1984 Prospects

Output of the agricultural sector declined 1 percent in 1983 because of drought conditions that hit the region during the first 6 months of 1983. Prospects for 1984 are encouraging. Very good weather conditions and better price incentives from governments are the major reasons for the positive prospects for the sector. Guatemala and Costa Rica have already announced record crops for coffee. El Salvador, Costa Rica, and Honduras hope to increase sugar production after getting higher U.S. sugar quotas for 1984. Cotton production is expected to be up substantially in Nicaragua and Guatemala.

Despite the lower prices for the region's chief export commodities—sugar, coffee, bananas, beef, and cotton—Central American agricultural exports to the United States remain high. All the countries of Central America have an extremely favorable balance of agricultural trade with the United States—the region earns about four times more than it spends. The region's exports to the United States for the last 3 years have been about \$1.3 billion compared with imports from the United States of \$370.4 million in 1981, \$317.9 million in 1982, and \$380.1 million in 1983. The United States is the top

customer, accounting for 40-45 percent of the region's farm export earnings. U.S. imports from Central America are mainly sugar, bananas, cocoa, coffee, beef, and tropical fruits. Although the region buys more from the United States than from any other supplier, this trade represents only about 1 percent of total U.S. agricultural export earnings. From the United States, Central America buys wheat and wheat flour, corn, soybean meal and oil, tallow, and many processed foods.

Not all of U.S. export sales to Central America are on commercial trade terms, and the percentage varies from year to year and from country to country. In 1983, 23 percent of U.S. agricultural exports were under concessional government-financed programs. El Salvador took more than 50 percent of these concessional sales, followed by Costa Rica (28 percent), Honduras (16 percent), and Guatemala (4 percent). Panama is the largest commercial customer in Central America, with U.S. farm product purchases of \$100.2 million in 1983. U.S. agricultural exports to Central America in 1984 are expected to be about the same as last year. (Nydia Suarez)

Costa Rica

Following a 6.3-percent decline in 1982, the Costa Rican economy declined another 3 percent in 1983. However, the Government was able to successfully carry out the \$100-million standby agreement which it had negotiated with the IMF in 1982. By adhering to the IMF targets, Costa Rica regained, to a certain extent, the international financial community's confidence and was able to reschedule \$1.1 billion in bilateral and commercial debt over the next 9 years. This reduced sharply the 1983 debt service, allowed the country to stabilize the exchange rate, and cut inflation by 80 percent. Costa Rica is currently in the midst of negotiations for a second IMF standby agreement for 1984, in an amount similar to that of 1983. Although the Government was generally successful in its efforts to arrest the 3-year economic crisis, the short-term outlook for a total economic recovery remains pessimistic.

Grain Production Increased

While agriculture is being displaced by other industries, it still is the keystone of the Costa Rican economy, employing 34 percent of the labor force, providing 62 percent of the total exports and 17 percent of the GDP. Costa Rica's agricultural output grew by 5 percent in 1983. Production of basic grains (rice, corn, sorghum, and beans) increased significantly compared with the previous year. Increased rice plantings, because of favorable price supports and widespread use of higher yielding varieties, accounted for most of the increase.

Among the principal export crops, sugar was the only one to show some output increase. Total production of bananas, coffee, and cocoa was hindered by disease problems. However, Costa Rica is predicting a record coffee harvest for 1984 and is planning to request an increase in its coffee quota from the International Coffee Organization.

Strong Trade With the United States

About half of Costa Rica's agricultural imports came from the United States, amounting to nearly \$53 million

in 1983, up 20 percent from 1982. Wheat is the leading import, accounting for 38 percent of the food imported, and is the only major grain that is not produced domestically. Other major imports were corn, beans, and soybean cake and meal.

Forty-two percent of Costa Rica's agricultural exports continue to be sold in the United States. The leading exports are coffee, bananas, beef, sugar, and cocoa. U.S. agricultural imports from Costa Rica totaled \$270 million in 1983, up 2.3 percent from 1982. *(Nydia Suarez)*

El Salvador

Peaceful elections, substantial increases in economic assistance from the United States, and the commitment of newly elected President Jose Napoleon Duarte make prospects for economic growth, stability, and peace in El Salvador more promising in 1984. A 4-year decline in GDP was finally arrested with zero real growth in 1983; for the first time in 4 years the decline in private capital growth ceased. Inflation was estimated at 8-9 percent, but unemployment remained very high, at about 40 percent. A continuing shortage of foreign exchange for the importation of critically needed capital goods and raw material is limiting growth in all sectors.

Agricultural Production Down

Although grain production recovered slightly in 1983, total agricultural output was 4.7 percent below the average for 1980-82. Coffee and cotton output are expected to decline in 1984. Coffee production is forecast to decline by at least 20-25 percent because of the negative effects of weather during the flowering stage. Cotton output is projected to be down substantially even with higher government price incentives, because cotton growers insist that the guaranteed price does not cover production costs. Sugar production is projected to increase by 10 percent in 1984 as a result of more area planted. Livestock production is expected to increase slightly in 1984 because of government credit to re-establish herds on lands affected by the agrarian reform.

Coffee and Sugar Are Main U.S. Imports

The United States has traditionally been El Salvador's major supplier of agricultural imports. As a result of declines in El Salvador's agricultural production, the value of U.S. agricultural exports jumped from \$55 million in 1982 to \$86 million in 1983. Wheat and tallow continue to be the leading U.S. exports to El Salvador, but shortfalls in domestic production of corn and cottonseed continue to increase the import requirements for feed grains, soybean oil, and meal. The Public Law-480 Title I and GSM-102 programs will largely determine the level of U.S. exports to El Salvador in 1984. El Salvador is a net exporter of agricultural products to the United States. U.S. imports of Salvadorean agricultural products totaled \$243.4 million in 1983; coffee and sugar constituted 94 percent of this total. *(Nydia Suarez)*

Guatemala

The economy of Guatemala contracted by 2.5 percent in terms of real GDP in 1983. Further economic decline in 1984 is very possible since recovery in external demand for most traditional exports is uncertain at this point.

Guatemala's economy is suffering from political unrest, reducing private investment and disrupting trade with neighboring countries. As a result of the low level of economic activity, unemployment and underemployment reached a new high of 41.7 percent in 1983. The annual rate of inflation declined significantly in 1982, but prices went up again in 1983, about 8 percent, as a result of the value-added tax that was introduced by the Government as one of the measures to alleviate the financial situation.

Outlook Improves for 1984

The increase of at least 2 percent in agricultural output, expected at the beginning of 1983, did not materialize. Agricultural production declined by 1 percent in 1983. Increased plantings and good weather improve the outlook for 1984. The Government has also indicated it will continue to give priority to imports of agricultural inputs. Production of basic staples like rice, corn, wheat, and beans are expected to show considerable growth. Cotton production, which suffered setbacks the last 3 years, is expected to rise more than 35 percent in 1984. Introduction of improved varieties and larger plantings are the reasons for a better outlook. Coffee output for 1984 is forecast to be 11.4 percent above the 1983 production level of 140,000 tons.

Exports to the United States Rise

The United States continues to supply over half of Guatemala's agricultural imports. U.S. agricultural exports to Guatemala reached \$68.4 million in 1983, up 1.2 percent from 1982. Major U.S. exports to Guatemala are wheat, tallow, soybean meal and oil, and feed grains.

The United States generally purchases 30 to 35 percent of Guatemala's agricultural exports. Principal exports to the United States are coffee, sugar, beef, and bananas. Agricultural exports to the United States totaled \$294.4 million in 1983, up 24 percent from 1982. U.S. agricultural exports to Guatemala in 1984 will equal or surpass the volume recorded in 1983, mainly because of increases in concessional sales. *(Nydia Suarez)*

Honduras

Honduras is the least developed country in Central America and one of the poorest in the Western Hemisphere. In the last 4 years it has suffered a precipitous economic decline. Regional turmoil, weak prices for exports, reduced capital growth, and low per capita income are all factors in this decline. Real economic activity declined by 1.4 percent in 1983 and prospects for improvement in 1984 are slim because of the political uncertainty in the region. Inflation was estimated at 8.9 percent in 1983, down from 9.4 percent in 1982. Unemployment remains high.

Crop Production Declined; Better Outlook for 1984

Output of the agricultural sector (25 percent of GDP) declined about 3 percent in 1983. Crop production, which accounts for 75 percent of aggregate agricultural output, declined by 4 percent in 1983, after an impressive 8-percent increase in 1982. Fiscal measures taken by the

Government to alleviate the balance-of-payments deficit reduced credit availability for agricultural production. Livestock production showed a minimal increase of a 1/2 percent because of a slight reduction in cattle inventories. Although the 1983 sugar crop was slightly lower than the 1982 crop, the value of export earnings was up by 22 percent because of a larger sugar quota in fiscal 1984, which allowed Honduras to increase its exports during the months of October, November, and December 1983.

Total agricultural output is expected to show some gains in 1984 because the weather has been good during the first few months of the year; in addition, the resumption of agricultural projects because of renewed funding is expected to have a positive effect.

Grains Are Major Import

The United States is the major supplier of agricultural commodities to Honduras. Grains are the major import because no wheat is produced in Honduras and other grain production is not enough to satisfy internal demand. Imports of wheat and corn represented 38 percent of the \$41 million of U.S. agricultural exports to Honduras in 1983. Bananas represented the major component of Honduran agricultural exports to the United States, which totaled \$263 million in 1983. Other important agricultural exports to the United States are coffee, sugar, and beef. (*Nydia Suarez*)

Nicaragua

Nicaraguan officials claimed that the economy experienced a growth rate in real terms of 5 percent in 1983, after an almost 2-percent decline in 1982. Key factors behind the positive performance, according to the Government, are the impressive increases in agricultural output (with improvements in both area cultivated and productivity), as well as a considerable amount of foreign aid from many governments in Latin America and Europe. Foreign loans and donations are estimated to total about \$575 million in 1983. Nevertheless, shortages of foreign exchange prevented the country from importing the needed inputs to assure maximum economic activity. Nicaragua was able again to reschedule a \$350 million debt-service payment due in 1983, bringing the total debt to about \$900 million, due in 1984. Export earnings from agricultural products (the bulk of the country's exports) are not expected to exceed \$410 million in 1984; it is very doubtful that Nicaragua will be able to meet the debt-service payment.

Unemployment was estimated at 20 percent and inflation at 30 percent in 1983. The agricultural sector still has not recovered totally from the disruptions and destructive impact of the 1978-79 civil war. Because of the importance of the sector (24 percent of GDP), the Nicaraguan Government has two main objectives concerning agricultural production. First, to recover the levels of exportable production achieved in years previous to the civil war and, second, to improve the supply of agricultural products for the domestic market. The Government was partially successful in achieving these objectives as crop production (75 percent of aggregate output) grew 2.7 percent in 1983, but it was still below any year prior to the civil war and it will take at least 2 more years to reach those levels.

U.S. Trade Declines

The foreign exchange benefit derived from the U.S. sugar quota, implemented by the United States in May 1982, will be less in fiscal 1984. The U.S. sugar quota for Nicaragua was reduced from 45,360 to 5,443 tons by the United States as a result of political disagreement between the two countries. The countries that benefit from this action are Honduras, Costa Rica, and El Salvador, among all of which the 39,917-ton difference was allocated. Traditionally, the principal trade partners of Nicaragua have been the United States, Canada, and Europe, followed by the members of the Central American Common Market. As a result of the decline in trade with the United States, the North American share of Nicaraguan exports declined from 42 percent in 1980 to 18 percent in 1983. U.S. agricultural exports to Nicaragua fell abruptly in 1982, when the United States refused to sell agricultural commodities on concessional terms. The U.S. share is expected to continue to decline in 1984 as Nicaragua increasingly turns to other suppliers for its import needs.

While U.S. agricultural imports from Nicaragua rose by 19 percent compared with 1982, total imports declined by almost 20 percent. Major U.S. imports from Nicaragua are sugar, bananas, coffee, and tobacco. (*Nydia Suarez*)

Panama

Like most other Latin American countries, Panama currently is experiencing an economic crisis, which was somewhat slow in arriving, but by 1983 was clearly evident. Growth in real GDP, after achieving 5.5 percent in 1982, fell to 1 percent in 1983 and will be negligible in 1984. The origins of this crisis lie primarily with declining investments, the impact of recession on the country's principal export markets, the prices of its major exports, and the climate of uncertainty associated with the unstable political situation in Central America. Inflation is estimated to have declined to 2-3 percent in 1983, but unemployment and underemployment are still very high.

Agricultural Output Increases

Although agriculture generates a third of the country's exports and employs about 25 percent of its labor force, agriculture's share of the GDP has fallen from 23 percent in 1960 to less than 10 percent in 1983. Total agricultural output, however, increased 5.2 percent in 1983 despite drought conditions in 1982 and early 1983. There has been some progress in meat production as well as in the fishing industry. A planned reduction in sugar production was necessary as a result of the implementation of the U.S. sugar quota system and the world supply and demand situation for sugar. A better performance from the agricultural sector is expected in 1984. The newly elected President, Dr. Nicolas Ardito Barletta, has indicated he will support government policies which favor the agricultural sector. Furthermore, so far, there has been favorable weather for most crops, such as banana and sugar. There is also much awareness of the business potential in the Panamanian agricultural sector as a result of the CBI program.

Imports From the United States Increase

The United States continues to be the key agricultural trading partner of Panama, and Panama is the biggest

commercial consumer for U.S. farm products in Central America. U.S. agricultural exports to Panama amounted to \$101 million in 1983, a 16.3-percent increase over 1982. Panama's primary imports are wheat, corn, and soybean meal and oil. About 50 percent of Panama's agricultural exports go to the United States. The United States bought almost \$134 million in agricultural products from Panama in 1983, a 54-percent increase over 1982. Total exports were affected by both low prices in the world market and by the recession in neighboring Central American countries and other markets.

The combination of improved agricultural output in 1983 and foreign exchange shortages may have a negative impact on U.S. agricultural exports to Panama in 1984. Because of its fragile balance-of-payments position, Panama is expected to increase concessional purchases in 1984. (*Nydia Suarez*)

THE CARIBBEAN*

Economies Improve Slightly

Positive increases in real GDP were recorded in most Caribbean economies in 1983, with the notable exceptions of Guyana, Suriname, and Jamaica. Guyana, Suriname, and Haiti have internal political situations which are particularly discouraging to investors; Jamaica, however, is in the best position to grow rapidly, when world demand for mineral, agricultural, and manufactured products improves.

Agricultural Production Declines Slightly

So far as can be determined from production data for the eight largest agricultural nations in the Caribbean (Barbados, Cuba, Dominican Republic, Guyana, Haiti, Jamaica, Suriname, and Trinidad/Tobago), agricultural output fell slightly in 1983, primarily because of weather problems during the first 6 months of 1983. The drought conditions, which substantially reduced yields of 1982/83 crops in Central America, also reached many countries of the Caribbean, reducing their yields too. The return of more favorable patterns in the summer and fall of 1983 generally boosted Caribbean crop yields for the year. Indexed values of agricultural production for Suriname, Haiti, Barbados, Jamaica, Trinidad/Tobago, the Dominican Republic, and for most of the smaller islands of the Caribbean were better in 1983 than in 1982.

Prospects for 1984 are encouraging. Parts of the Greater Antilles are still dryer than normal, but the apparent return of a normal rainy season in June improves prospects for good yields of fall crops. Western Cuba, Antigua, and some of the smaller islands in the eastern Caribbean were still very dry in May.

Increased agricultural output in the Caribbean will materialize in 1984 if Cuba, Haiti, Jamaica, and the Dominican Republic have good harvests in the fall. Large year-end inventories in November and December could discourage plantings for 1985. Per capita agricul-

tural production in the eight largest agricultural nations of the Caribbean, however, have increased only slightly since 1970. Food production has generally kept pace with population growth, and there has been a slight shift from traditional export crops to domestic food crops.

Agricultural Trade Remains Strong

Caribbean agricultural trade with the United States and other countries of the world has been surprisingly strong during the past 2 years and prospects for 1984 look even brighter. Most Caribbean exporters have found ways to maintain export earnings, despite quotas, soft prices, and other restrictions in world markets. Consequently, annual export earnings have held up better than expected, and Caribbean imports have fallen much less than anticipated in June 1983.

Unfortunately, agricultural diversification is occurring very slowly in most countries. The traditional crops—sugar, bananas, coffee, rice, and citrus products—remain the primary exports, while wheat, corn, and oilseed products are the primary import items. Mineral exports also remain important to Jamaica, Guyana, and the Dominican Republic, while petroleum exports are important to Trinidad/Tobago.

Trade With the United States Expands

From 1970 to 1981, Caribbean agricultural trade with the United States grew steadily. The growth, however, ended in 1982 and little change occurred in 1983, as the world recession touched all corners of the Caribbean. But the dollar value of U.S. exports to the Caribbean has increased substantially during the first few months of 1984, suggesting that recovery from the recession may be occurring.

Since the mid-1970's the United States has been the principal trading partner of the Caribbean countries, accounting for 40 to 45 percent of their agricultural imports and exports. The Caribbean countries—

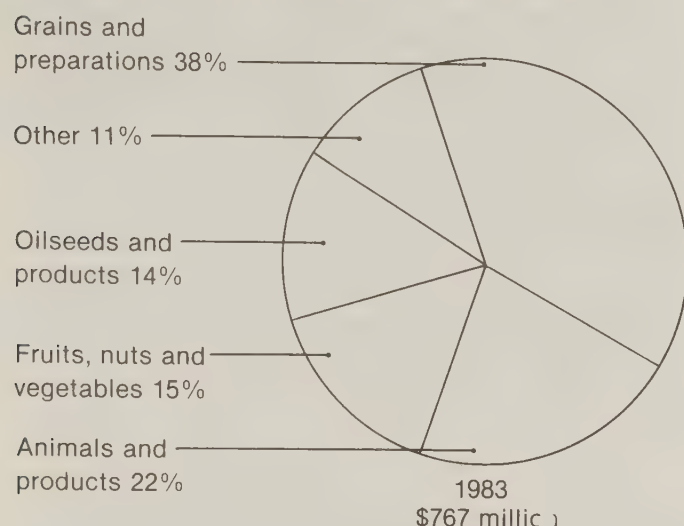
Major agricultural imports and exports of the Caribbean¹

Commodity	1981	1982	1983 ²	1984 ³
<i>1,000 metric tons</i>				
Imports				
Wheat	1,970	1,940	2,000	2,010
Cuba	1,250	1,270	1,300	1,200
Other	720	670	700	810
Corn	1,165	970	995	1,000
Cuba	575	400	405	400
Other	590	570	590	600
Rice	503	481	445	420
Cuba	225	250	225	220
Other	278	231	220	200
Exports				
Sugar	8,593	9,171	8,367	8,000
Cuba	7,071	7,734	6,792	6,400
Dom. Rep.	864	816	955	950
Other	658	621	620	650
Bananas	160	145	165	170
Coffee ⁴	53	60	55	60
Rice ⁵	173	209	160	180
Citrus ⁶	192	200	210	220

¹Except Puerto Rico, the U.S. Virgin Islands, and the French West Indies. ²Estimated. ³Projected. ⁴Primarily Haiti and the Dominican Republic. ⁵Guyana and Suriname. ⁶Primarily Cuba.

*The nations and territories normally included in "the Caribbean" are Belize, Guyana, Suriname, French Guyana, and all the islands in the Caribbean Sea. The term "Caribbean Basin" includes the Caribbean countries and the six Central American States.

U.S. Agricultural Exports to Caribbean



U.S. agricultural trade with the Caribbean, 1979-83

Item	1979	1980	1981	1982	1983
Million dollars					
Exports	648	788	855	823	800
Imports	538	656	664	447	483

excluding Cuba—buy four to five times more U.S. agricultural products on a per capita basis than the world average. U.S. agricultural exports to the region, which dropped from a peak of \$855 million annually in 1981 to \$800 million in 1983, are now expected to approach \$850 million again in 1984.

Collapse of the 1982 world sugar market affected the Dominican Republic more than any other country in the Caribbean, because it had become very dependent on an open U.S. sugar market and did not anticipate the new U.S. quota system quickly imposed in May. However, it is also clear that the Dominican Republic and other Caribbean sugar exporters could have suffered even greater financial losses in 1982 and 1983 if the United States had failed to institute market stabilizing measures, or if the European community had refused to honor the Lome II sugar agreements. U.S. imports of Caribbean products are expected to increase to at least \$500 million in 1984.

Five Countries Dominate Production

Although 25 to 30 independent and semi-independent States can be identified in the Caribbean, depending on how various geographic and political entities are classified, five countries—Cuba, the Dominican Republic, Jamaica, Haiti, and Guyana—dominate agricultural production. They account for more than 90 percent of the productive land base and agribusiness activity of the region. Cuba alone accounts for at least 45 percent; the Dominican Republic another 15-20 percent; and Haiti, Jamaica, and Guyana, collectively, about 25 percent. The opportunities for substantial expansion of the region's agriculture, therefore, are primarily determined by what happens in these five countries.

Cuba: Dominated by Sugar

Although Cuban planners and agribusiness experts have attempted to diversify the Cuban agricultural economy since the early 1950's, sugar still accounts for more than 90 percent of total Cuban exports. Foods account for more than 20 percent of total imports, and food and petroleum together account for nearly 50 percent of the total value of Cuban imports.

The Cuban economy appears to have expanded steadily in recent years, although it is difficult to compare its growth with that of other countries. Currently, it appears that total agriculture, as well as total food production, is 25 to 30 percent greater than in 1970. However, per capita production for both appears to be only 5 to 10 percent higher, with primary increases occurring in milk, eggs, citrus products, and potatoes.

Dominican Republic: Jolted by Financial Crisis

After several years of steady growth and economic prosperity, the bottom fell out of the Dominican economy in 1982 and 1983. World prices for principal exports peaked in 1980 and then fell dramatically in 1982, before stabilizing in 1983. The glut of sugar, coffee, minerals, and other raw materials in world markets hurt the Dominican Republic even more shortly after the United States announced it was imposing sugar quotas on foreign suppliers in May of 1982. The U.S. sugar quota, however, essentially guaranteed a good price for sugar sold to the United States, but it put Dominican sugar producers in the position of either finding a new market for about 300,000 tons annually (one-third of sugar exports) or cutting production about 25 percent. The latter was politically unacceptable, so production and export sales have been maintained, not only for sugar but also for coffee, tobacco, and other exports, regardless of price.

Sugar quotas, as well as lower world prices for major export commodities, put a squeeze on the financial resources of the Dominican Republic, but imports continued to flow freely throughout much of 1982 while exports faltered. By the time the Government responded to the situation in 1983, world financial institutions essentially forced the Dominican Government to curtail imports and raise internal food and consumer prices to stabilize the country's worsening financial position. Food riots in the spring of 1984 only emphasized the fact that stocks of basic foodstuffs were in short supply until the end of spring harvests in May or June.

U.S. exports to the Dominican Republic are expected to hold up well in 1984 for three reasons: stocks of imported products in the Dominican Republic are down; substantial concessional sales are anticipated; and world market outlooks for Dominican exports appear to be improving, generating foreign reserves. The outlook for foreign investment opportunities under the CBI also looks good.

Jamaica: Financial Crisis Continues

The Jamaican financial crisis continues; hopes for some positive growth were dealt another severe blow in the spring of 1984 when a spokesman for Reynolds metals announced it was pulling out of the Jamaican bauxite industry in 1984. With the aluminum industry already

seriously depressed by weak world demand for the past 2 years, the Reynolds announcement jolted the business community of Jamaica. The net effect of this announcement is unclear because Jamaicans could continue to operate the bauxite facilities if markets are available. This announcement could also affect the agricultural sector because disruptions in investor confidence make it more difficult for agricultural interests to acquire the capital and other inputs needed to expand output. Major improvements in the performance of the agricultural or mining sectors of Jamaica, therefore, are not expected before 1985 or 1986. Tourism, construction, and manufacturing will, it is hoped, continue to grow throughout 1984, but very astute monetary and financial management will be required to keep the economy moving for the next 12 to 18 months.

U.S. agricultural trade with Jamaica in 1984 will equal or surpass the volume recorded in 1983, primarily for the same reasons as outlined for the Dominican Republic.

Haiti and Guyana: Production

Producers in Haiti and Guyana, however, will continue to find it difficult to get production inputs and other necessities for their operations.

Other Countries: Express Optimism

Reasonably favorable weather in the other Caribbean countries in recent months is providing new optimism for most producers. Barbados has begun experimenting with a variety of new crops, including cotton, as alternatives to sugar with considerable success. About 500 to 1,000 acres of cotton, for example, will be planted for the next harvest. Banana production appears to have recovered from the 1979 and 1980 hurricanes, and additional diversification is being planned in the eastern Caribbean. Grenada, however, has had problems marketing its nutmeg and spices in recent months and St. Vincent arrowroot growers priced themselves out of the market in 1982 and 1983. The Government of Trinidad/Tobago continues to search for measures to revitalize its agricultural sector. Much of the former sugarcane land is now idle or put to other uses, and Trinidad is currently importing refined sugar so it can fill its annual export quotas.

Interest in President Reagan's CBI is increasing across the region, as investors begin to search for new opportunities in the Caribbean to produce more food and nonfood commodities for U.S. markets. (*Richard N. Brown Jr.*)

Agricultural Policy and Trade-Offs in Mexico

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Abstract: The Mexican Government has had a long and continuing role in the agriculture sector. Agricultural policy is characterized by a wide range of policy instruments and several, possibly conflicting, governmental objectives. Trade-offs between goals such as employment, income, foreign exchange, and food production depend on the policy instruments selected; some of these trade-offs are explored with a multilevel programming model of Mexican agriculture. Domestic policies in Mexico also have trade impacts and, thereby, implications for the United States.

Keywords: Agricultural policy, pricing policy, policy trade-offs, multilevel programming, employment, sector income, foreign exchange, food grain production, trade.

Objectives, Instruments, and Constraints

The Government of Mexico has a long history of involvement in the agriculture sector. As in many developing countries, government intervention all along the food chain—from seed research to consumption of the final food product—has played an important role in economic development.¹ In the 1970's, the percentage of the total government budget going to agriculture ranged from 14 percent—early in the decade when agriculture was relatively neglected—to 20 percent in the latter part of the decade.² In 1980, Mexico's Plan Global

Desarrollo (PGD), the Global Development Plan, earmarked agriculture as the recipient of 25 percent of the country's anticipated oil revenues.³ In the post-oil boom era—the current period of economic austerity—the agricultural sector budget has been reduced. Nevertheless, "...the National Development Plan of 1983-88 identifies attention to food and nutrition for the various social sectors as one of the Federal Government's basic concerns..." (Programa Nacional de Alimentacion, PRONAL [National Food Program]).⁴

Mexican agricultural policy is characterized by a wide range of policy instruments and several, possibly conflict-

¹For an overview and analysis of food and agricultural policies in Asia, Africa, and Latin America, see U.S. Department of Agriculture, Economic Research Service, International Economic Division, FAER Report, *Food Policies in Developing Countries*, No. 194 (December 1983).

²Leopoldo Solis, *Economic Policy Reform in Mexico: A Case Study for Developing Countries* (New York: Pergamon Press, 1981).

³Office of the Counselor for Agricultural Affairs, *Mexico and Its Agriculture: A Developing Market* (U.S. Embassy, Mexico City, July 1981).

⁴This quotation comes from an unofficial translation of the decree provided in a Department of State cable (No. 16243) from Mexico City, dated October 20, 1983.

ing, governmental objectives. The following general goals have been implicit for several Mexican administrations:

- To increase the production of basic foodstuffs for domestic consumption.
- To maintain domestic food supplies at reasonable and stable prices.
- To improve farm income and the living standards of the rural population.
- To generate employment and improve income distribution within agriculture.
- To generate or conserve foreign exchange and improve the trade balance.

The relative emphases on these several goals and the particular manner in which the objectives are stated varies from administration to administration. Under the previous government of Jose Lopez Portillo, for example, a program called *El Sistema Alimentario Mexicano* (SAM), the Mexican Food System, was implemented with the primary purpose of achieving food self-sufficiency, that is, replacing imports of corn, beans, and other basic commodities with domestic production. Thus, producers of these crops were targeted as the major direct beneficiaries of the SAM. Under the current administration, the emphasis has changed, although the list of broad goals remains generally the same. The major emphasis of Miguel de la Madrid's PRONAL is to "guarantee security and sovereignty in food production" (National Development Plan, 1983-88).⁵ Under this plan, increasing domestic production of basic commodities appears to be viewed as one important, but not necessarily the major, step in assuring food security. Favorable agricultural trade agreements and increased efficiency throughout the food system are seen as other important components of a program for food sovereignty.

Mexican agricultural policy instruments have, for over four decades, included the following:

- Pricing policies (with price guarantees for agricultural outputs); subsidies of purchased farm inputs; subsidies at the intermediary stage to millers of food grains, feedstuffs, and sugar; and consumer subsidies on basic items such as tortillas, oils, milk, and eggs.
- Investment in agricultural research, extension, and irrigation.
- Land reform.
- Government involvement in the purchasing, storage, transportation, distribution, and international trade for basic commodities (such as corn, wheat, beans, feed grains, and oilseeds).

The prominence with which any type of instrument enters into an agricultural plan also varies between administrations. In earlier periods (prior to 1965), large-scale investment, such as in irrigation projects, was relatively more important than it is now. On the other

hand, the Lopez Portillo administration relied heavily on the use of producer price incentives in its striving for food self-sufficiency. Although the PRONAL is not yet clearly specified, the de la Madrid administration will also probably emphasize the use of pricing instruments; however, budgetary considerations will necessitate the careful targeting of selected products and social groups.

The ability of the Government of Mexico to realize its goals with the use of these policy instruments is constrained by a number of factors: Water and land resources are scarce in many parts of Mexico; budget limitations—particularly under this administration's fiscal austerity program—represent another serious constraint. There are also opportunity costs implicit in any set of policies; for example, a program designed to raise producer income may be to the detriment of consumers, unless policies to compensate consumers also exist.⁶

Additionally, the goals and activities of the private sector affect the outcomes of public policy. For instance, efforts by the Government to stimulate the production of import-substitution crops may be tempered by economic opportunities for farmers in export crop markets. On the other hand, inducing producers to grow a domestic crop, such as wheat, may lead to substitution from more labor-intensive, foreign exchange-earning crops, such as tomatoes. In sum, most policy problems are characterized by trade-offs.

Modeling Policy Trade-offs

The Mexican policy problem can be defined as how to choose a package of instruments so as to best realize, given the constraints, some combination of policy goals. One way to model this problem mathematically is with a multiple-objective, multilevel mathematical programming model.⁷ The model is *multiple objective* because the Government has several goals for agriculture. It is *multilevel* because decision-making takes place at two levels—in the public and private sectors. In other words, the model reflects the fact that the Government, because Mexico is not a centrally planned economy, does not specifically tell farmers what and how much to produce⁸. Rather, it offers them incentives to reallocate productive resources in a manner more consistent with policy objectives.

The multilevel programming formulation can be used to trace out what are referred to as trade-off frontiers between pairs of government goals. These frontiers identify for policymakers the range of feasible policy alternatives and the instruments best suited to achieving these goals. This modeling technique was applied to Mexico and some results are summarized very generally here.⁹

⁶The Mexican Government actually subsidizes both producers and consumers; for example, it sells corn to millers at a price below that it pays producers. Consequently, the net government costs of the subsidy programs are substantial.

⁷Wilfred Candler and Roger Norton, "Multi-level Programming and Development Policy," World Bank Staff Working Paper, No. 258 (Washington, D.C., 1977).

⁸In the irrigation districts in Mexico, there is a degree of direct control over production plans in that farmers must have their crop schedule approved in order to receive an irrigation permit.

⁹Nicole Susan Ballenger, "Agricultural Policy Analysis for Mexico: Sectoral and Macro Impacts," Ph.D. dissertation (University of California, Davis, 1984).

⁵Ministry of Planning and Budget, *National Development Plan 1983-1988: Federal Executive Branch Summary* (Mexico City, May 1983), p. 38.

An Empirical Example

The impacts of a small but important set of policy instruments on four policy objectives were studied. The instruments included a range of price supports (for corn, wheat, and beans) and several possible subsidy levels for chemical inputs (fertilizers and pesticides). The goals included food grain production (wheat and corn), producer income, employment, and foreign exchange. Some important conclusions of the research are summarized here:

- *Policy instruments differ quite significantly in their usefulness for attaining any single objective.* For example, bean price supports appeared to be generally more effective than alternative types of subsidies for generating both farm employment and sector income. However, used alone, bean policies incited large shifts from grain production and, consequently, resulted in losses in food grain production. Corn price supports did the best job of generating food grain production; however, shifts from other grains and oilseeds resulted in large imports of these other crops, and there was a negative impact on the net trade balance. Chemical input subsidies were very nearly as effective as wheat policies for stimulating food grain production and were considerably better suited than wheat policies to generating farm jobs. High levels of wheat price supports actually resulted in employment losses as wheat production replaced the growing of more labor-intensive crops.
- *Objectives may be conflicting if one instrument is used but complementary if an alternative is chosen.* For example, some levels of wheat price supports had a

negative impact on employment but positive impacts on food grain production and sector income. Bean policies had positive impacts on employment and sector income, but resulted in large declines in food grain production. On the other hand, price supports for corn resulted in gains in all three—sector income, employment, and total food grain production.

These results suggest that the ability of policymakers in Mexico (and probably in other countries, as well) to realize two or more goals simultaneously depends on the instrument or instrument mix selected. The implication is that policymakers must carefully consider the entire range of policy options. It may, for example, be possible and desirable to avoid large trade-offs between objectives merely by making some minor policy switches, for example, by changing the relative price structure between several subsidized products.

Implications for the United States

The United States is Mexico's most important trade partner. Additionally, over the last few years, Mexico has been the second or third largest importer of U.S. agricultural commodities. Trade has made the two countries increasingly interdependent. The brief analysis presented here shows that the domestic policies employed in Mexico can affect the mix of domestic crop production. In this way, the composition of Mexican agricultural exports and imports is also affected. For example, policies designed to make the country self-sufficient in corn may lead to smaller corn imports but additional imports of other grains and oilseeds. Therefore, Mexico's domestic policies can play an important role in shaping trade relations between the two countries.

Caribbean Basin Initiative Takes Shape

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Abstract: President Reagan, after months of extensive consultations with Western Hemisphere leaders, formally asked Congress, February 24, 1982, to enact special legislation which would provide 12 years of duty-free treatment for Caribbean Basin products entering U.S. markets; special tax incentives for U.S. investors in the region; and \$350 million for immediate assistance for financially stressed governments in the Basin. Congress enacted the financial aid package quickly in 1982, but the trade and tax provisions, which became effective January 1, 1984, were not approved until Public Law 98-67, Title II—Caribbean Basin Initiative, was signed by the President, August 5, 1983.

Keywords: Caribbean Basin Initiative, Caribbean, Central America, trade, duty-free treatment, free trade, Caribbean Basin Economic Recovery Act, investment, taxes, aid.

Background

When President Reagan was inaugurated on January 1981, it appeared that political and economic conditions were deteriorating in the Caribbean Basin. In a search for new policy initiatives to counteract this trend, the President continued to discuss various options with Caribbean leaders and Cabinet officials. By July 1981,

the search for new policy ideas was taking shape, and administration officials were beginning to discuss a bold new initiative rooted in free trade, investment, and aid to the Caribbean Basin. Public discussion of these ideas was minimized, however, until consultations with several Caribbean Basin leaders were completed. For example, at a July 1981 meeting in Nassau, the foreign ministers of Canada, Mexico, and Venezuela agreed with the U.S. Secretary of State that it was time to sponsor a multina-

tional action program for the region, with each Caribbean Basin country developing its own plans and programs. It was at this meeting that the concept of "donor" and "beneficiary" countries for the Caribbean Basin Initiative (CBI), also known as the Caribbean Basin Economic Recovery Act, emerged.

In effect, the foreign ministers in Nassau decided that the smaller developing countries in the Caribbean and Central America would be the beneficiary countries and that larger countries, such as Mexico, Venezuela, Colombia, and the United States, would be the donor countries. But donor countries would become sponsors only if they agreed to provide technical assistance, development grants, trade preferences, and other forms of assistance to help the other nations of the region help themselves.

In the fall of 1981, the President began talking about a legislative package that, in effect, would be a Marshall Plan for the Caribbean. In October, at the Cancun Summit Conference in Mexico, the President emphasized his views that development requires more than government aid and intervention. It requires a private sector that would be innovative and productive, responsible for its successes as well as failures.

Final construction of the legislative package, however, was delayed until administration officials had the opportunity to conduct high-level bilateral consultations with almost every country in the Basin. By December 1981, people throughout the region were talking about the President's CBI. On February 24, 1982, the President announced his legislative proposal in a formal address to the Organization of American States in Washington, D.C.

The Presidential Proposal

The President's proposal contained six primary legislative suggestions for Congress to consider:

1. Provide 12 years of duty-free treatment in U.S. markets (one-way free trade concept) for all goods produced in designated beneficiary countries in the Caribbean Basin, except for selected textiles and apparel which are controlled by international trade agreements.
2. Provide U.S. investors with new tax and investment incentives for any productive investments made in designated CBI countries.
3. Provide a \$350-million financial assistance package for fiscal 1982 to be used immediately by designated countries to relieve financial stress imposed by low market prices for their export products.
4. Authorize the delivery of technical assistance and training to those, in the public and private sectors of the Basin, interested in promoting the development and exportation of Caribbean products to the United States and other countries of the world.
5. Support present and future Caribbean Basin development efforts of Mexico, Canada, Venezuela, and other countries already initiating complementary programs to strengthen the social, economic, and political base of the region (the Donor Nation Coordination Activities).
6. Provide special programs for the U.S. Virgin Islands and Puerto Rico so that they, too, can share the benefits of the CBI.

Congress Responded Cautiously

Congress, after many delays, finally approved a diluted version of the President's initial proposal. Parts of it proved to be politically unacceptable at the time. But 18 months after the President delivered his formal proposal, Congress enacted the Caribbean Basin Economic Recovery Act (Public Law 98-67, Title II-Caribbean Basin Initiative) and the President quickly signed it on August 5, 1983. The act clarified the one-way free trade proposal, but it contained little of significance regarding CBI investment tax incentives, investment risk insurance, technical assistance authorities for public and private agencies, and other ideas previously considered. Furthermore, special interest groups persuaded Congress to narrow the free-trade concept and omit language which could be cited as the enabling authority to subsequently appropriate special funds for U.S. government agencies. But the President's CBI was launched and the rules for benefits and eligibility were clarified.

The fate of the six points proposed by the President is outlined below:

1. The 12-year, one-way free-trade provision was approved by Congress, but only after several limitations, conditions, and exemptions were added:
 - (a) The list of potential beneficiary countries is limited to the Caribbean and Central American countries, territories, and political entities listed below, but only after the following: countries request beneficiary status; they are determined to be ruled by non-Communist governments and comply, in the eyes of Congress and the President, with all other rules and regulations prescribed by the Act and subsequent Federal regulations.

1. Anguilla	2. Antigua and Barbuda	3. Bahamas, The
4. Barbados	5. Belize	6. Costa Rica
7. Dominica	8. Dominican Republic	9. El Salvador
10. Grenada	11. Guatemala	12. Guyana
13. Haiti	14. Honduras	15. Virgin Islands, British
16. Jamaica	17. Nicaragua	18. Panama
19. St. Lucia	20. St. Vincent & the Grenadines	21. Suriname
22. Trinidad & Tobago	23. Cayman Islands	24. Montserrat
25. Netherlands Antilles	26. St. Christopher-Nevis	27. Turks & Caicos Islands
28. Bermuda (tax rules only)		
 - (b) Product exclusions were expanded to include not only textiles and apparel covered by other international agreements, but also the following diverse categories: (1) certain other textiles (2) leather goods (shoes, handbags, and so forth) (3) canned tuna products (4) crude and refined petroleum and products (5) selected watch and clock parts.
 - (c) Special beef and sugar exclusions were added to the President's proposal to prevent CBI countries from increasing beef and sugar production at the expense of domestic foods. These exclusions accomplished three things:
 - (1) Made food plans mandatory for CBI countries exporting beef and sugar to

the United States. Food plans must be received and approved by the President before duty-free status for any products can be granted by the United States, except as already available under the established Generalized System of Preferences (GSP).

- (2) Made it clear that all current and future domestic market support legislation for sugar and beef in the United States would override CBI free-trade provisions (U.S. sugar quotas, for example, set limits on the maximum amount of sugar any country can ship to the United States in one year).

- (3) Provided special duty-free sugar quotas for three CBI countries that did not have GSP status in 1981. The special quotas, which have been temporarily overridden by emergency sugar quotas, are the following:

Country	Tons
Dominican Republic	780,000
Guatemala	210,000
Panama	160,000

- (4) Outlined special tax provisions, primarily for the rum industries of the U.S. Virgin Islands and the Commonwealth of Puerto Rico.

- (d) Product-eligibility definitions specify, among other things, that

- (1) products shipped from CBI countries to the United States must have at least 35 percent of their value added in designated CBI countries.
- (2) products produced in one country (when that country is restricted for whatever reason) cannot be shipped to a second CBI country and exported to the United States under the second country's quota.
- (3) all provisions of the CBI automatically expires September 30, 1995, unless extended by Congress.

2. The investment proposal, which was the number two item in the President's address, was nearly killed in congressional committee. During the process of drafting the administration's bill, three key elements were discussed, but only one survived the legislative process:

- (a) Investment Tax Provision: Administration supporters wanted this provision in the bill so that the I.R.S. code would be amended to give U.S. investors in the Caribbean special tax credits for their investments (dropped in early drafts).
- (b) Special Risk Insurance: to compensate U.S. investors in CBI countries, in the event of war, nationalization, and so forth (dropped in early drafts).
- (c) Convention Expense Tax Provisions: In lieu of the above, the I.R.S. code was amended to extend legal deductions for businesspeople attending business conventions in CBI countries (Bermuda was added to the list of potential beneficiaries for this provision, as approved by Congress).

3. The supplemental Financial Assistance package of \$350 million for fiscal 1982 was approved by a separate act of Congress in 1982.
4. The technical assistance training recommendations of the President's proposal never received any special attention by Congress (these activities, however, have been funded by various Federal agencies under other existing authorizations).
5. The activities of the donor nations are financed indirectly by other legislation.
6. Special tax concessions for Puerto Rico and the Virgin Islands were granted by Congress in Section 214.

Conclusion

Signing of the Caribbean Basin Economic Recovery Act in August 1983 made 27 political entities in the Caribbean Basin eligible for benefits.* However, the act also specifies that each country wishing to participate in the program must not only apply for inclusion, as outlined by the legislation, but also must be able to meet all the mandatory conditions of the act.

For example, any country can apply for "beneficiary" status, but beef- and sugar-exporting countries must also prepare and submit an acceptable food plan to the President of the United States in order to obtain sugar and beef export eligibility. As of June 1, 1984, all but five of the CBI beef- and sugar-exporting countries in the Caribbean had established eligibility with acceptable food plans, and approval of four other food plans is expected with minor revisions. Guyana is expected to apply later.

The CBI legislation essentially broadens the base of duty-free eligibility for Caribbean products shipped to the United States for the next 12 years. In addition, the CBI provides very limited tax incentives to U.S. businesspeople attending conventions in the Caribbean. It also provides a big psychological lift to U.S. and Caribbean businesspeople, because the United States Government (through its many and diverse agencies and departments) is now committed to the task of helping develop export market production in the Caribbean Basin. But little direct Federal funding beyond the \$350-million financial assistance package (appropriated by Congress in fiscal 1982) is expected during the 12-year life of the CBI.

Growth in export capability will come slowly because it takes time and relatively large investments to plan, develop, and finance new ventures in regions such as this, where social, political, and geographic handicaps, as well as years of colonial neglect, have prevented the development of dynamic and self-sustaining market economies. However, the CBI is innovative because it puts the burden of identifying, promoting, and financing new economic ventures on the shoulders of the private sector rather than the public sector. In other words, the CBI, in a sense, has asked businesspeople to determine which nontraditional export commodities can be produced efficiently in the Basin and exported to the United States, Canada, and the rest of the world. Consequently, the CBI is alive and well despite the fact that its successes to date remain obscure.

*Bermuda was granted eligibility for convention tax credits only.

Growth in Latin American Agricultural Exports, 1960-79

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Abstract: The agricultural sector has been a major contributor to foreign exchange earnings in Latin America. In many countries agricultural exports are critical for repaying foreign debt and financing imports of food staples as well as the capital goods required for growth and modernization. There is, therefore, concern that Latin American agricultural exports have not been growing rapidly enough. A commonly given reason for this lack of adequate export growth has been the adoption of protectionist policies on the part of the industrialized countries. However, the results of a study of the 1960-79 period indicate that inadequate growth in supply has prevented the region's agricultural exports from expanding more rapidly.

Keywords: Agricultural exports, constant market share, supply commodity composition, market distribution, competitiveness.

Agricultural Exports Continue To Be Mainstay

Throughout most of Latin America, exports from the agricultural sector are still a very important source of needed foreign exchange. This is true even though the sector's share of the gross domestic product (GDP) averaged only 11.0 percent for the region in 1975-79, down from 15.9 percent in 1961-64. Structurally, the economies of the region have become more industrialized. Manufacturing has been the most dynamic sector, increasing its share of GDP from 22.1 percent in 1961-65 to 25.6 percent in 1975-79. Yet, agricultural exports continue to be the mainstay of foreign exchange earnings for most Latin American countries. In 1979, agricultural exports averaged 35.0 percent of total exports for the region as a whole. For 16 of the 25 countries studied, agriculture's share of total exports was even greater. For Nicaragua, Cuba, Paraguay, Honduras, and Colombia, agricultural exports exceeded 75 percent of total exports. The share of total exports attributed to the agricultural sectors in Argentina was 70.0 percent and in Brazil, 47.0 percent. Together, these two countries represented 44.0 percent of all agricultural exports from the region in 1979.

Share of Total Exports Declined

Total world merchandise trade grew (in real terms) at an annual rate of 7.1 percent during the 1960-79 period. The growth rate for the 1960's was almost 8.0 percent, while expansion was at a slower 5.7 percent rate in the 1970's. An interesting contrast was observed between the growth in world trade in the 1960's and the 1970's. In the former decade, the largest proportion of the growth in world trade value (almost 90 percent) was accounted for by increases in trade volume rather than prices. In the latter, the reverse situation took place. The single largest price increase was observed between 1973 and 1974, when the striking rise in fuel prices distorted the international economy.

Latin American merchandise exports have grown at a slower rate than the exports of the industrialized and the developing countries as a whole. Latin America's share of total merchandise exports declined from 8.0 percent in 1960 to 5.7 percent in 1970 to 5.2 percent in 1979; however, Latin America's performance for agricultural exports was considerably stronger than for exports in general.

Share of Agricultural Export Volume Declined

Between 1960 and 1979, the value of Latin American agricultural exports grew (see table 1) at an annual rate of 9.8 percent, slightly exceeding those rates achieved by the world (9.6 percent), the developing countries (8.6 percent), and the centrally planned economies (7.7 percent), but agricultural exports showed a slower growth than that of the developed market economies (10.9 percent).² The largest growth was reached in the first half of the 1970's, when the annual growth rate of Latin American agricultural exports was almost 20 percent. Indeed, since the value of agricultural exports in Latin America has been growing at a pace equal to world agricultural exports, the region has been able to maintain about a 14.2 percent share of the world total during the 1960-79 period and a growing share of the developing countries' exports. The value of Latin American agricultural exports rose 343.7 percent between 1960-64 and 1975-79, in contrast with 329.2 percent for the world and 253.4 percent for the other developing countries. Thus, in terms of value of agricultural exports, the Latin American region as a whole performed quite well during the 1960-79 period.

The volume of Latin American agricultural exports has been somewhat different. With the exception of the 1975-79 period, quantities exported by the Latin American countries grew at smaller rates than the average for the world. The region's annual growth rate in volume of

¹Article prepared while under contract with Economic Research Service.

²Developed market economies refers to industrialized countries less the centrally planned economies.

exports was 2.5 percent during 1960-79 in comparison with 3.5 percent for the world. The most drastic difference was observed in 1970-74, when the volume of Latin American agricultural exports grew by only 0.5 percent annually, while the volume of world agricultural trade for the same period increased by 3.9 percent annually. Although the region performed poorly during the study period in comparison with the developed market economies, it still grew faster in volume terms than the other developing countries or the centrally planned economies. However, the overall balance for Latin America has shown a decline in its volume share of agricultural products in the world market. The region's share dropped from 15.0 percent in 1960 to 14.6 percent in 1970, then to 12.7 percent in 1979 (table 2).

In short, even though Latin America has been able to maintain its share in the value of world agricultural products in the past 2 decades (mainly because of a favorable concentration on a few high value export commodities), its agricultural export performance cannot be considered satisfactory given the decline in its volume share of world exports during the 1960-79 period.

This relatively poor agricultural export performance has been blamed by some on protectionist policies which have limited international demand. Others, in turn, suggest that the poor performance is mainly due to inadequate growth in the supply of agricultural goods for export. The proponents of the demand deficiency hypothesis trace the observed slow growth to such factors as the following: (1) a smaller proportional increase in demand for agricultural products as incomes rise (low income elasticity of demand); (2) development of synthetic substitutes; (3) new manufacturing and processing technologies which economize on the use of raw materials as inputs; (4) a shift in the composition of national production away from goods requiring a large content of imported inputs; (5) the restrictive import policies of developed countries; and (6) a declining external demand for agricultural products brought about by world recession and stagnant economies. On the other hand, the defenders of the supply constraint hypothesis mention factors such as the following: (1) inappropriate internal policies, applied by the countries themselves, which have failed to stimulate production sufficiently to develop a strong export capacity; (2) slow rates of increase in productivity and the consequent effect on the competitiveness of their prices; (3) lack of development of new exports; and (4) deficiencies in marketing and financing of export goods.

In this study both hypotheses are examined. The analytic technique used is based on the assumption that an exporter should maintain at least a constant share of the export market from one period to the next. Using this technique, the failure of Latin America to expand its agricultural exports as fast as the world average can be traced to some combination of the following three possibilities:

1. Latin American agricultural exports may have been concentrated in commodities for which the world demand is growing slower than that of the world average for all commodities.
2. Latin American agricultural exports may have been concentrated proportionately more in markets that are relatively stagnant than those in which the demand is growing faster than the world average.

3. The Latin American countries (as a group) may be less competitive, as compared with other sources of supply, for various products.

Table 1.—Annual growth rates for agricultural exports, 1960-79

Year	Value	Unit value	Volume
World			
1960-69	3.7	0.6	3.0
1970-79	15.1	11.8	3.7
1970-74	22.7	18.7	3.9
1975-79	11.0	6.3	5.5
1960-79	9.6	6.2	3.5
Developed Market Economies			
1960-69	4.5	1.0	3.3
1970-79	15.9	10.6	5.5
1970-74	25.6	19.5	6.5
1975-79	11.4	4.6	7.4
1960-79	10.9	6.0	4.9
Developing Market Economies			
1960-69	2.3	0.1	2.3
1970-79	14.5	13.3	1.6
1970-74	18.4	17.8	0.4
1975-79	11.4	8.8	3.3
1960-79	8.3	6.5	1.9
Latin America			
1960-69	3.6	0.8	2.8
1970-79	16.4	13.7	2.7
1970-74	19.5	19.0	0.5
1975-79	12.4	6.6	5.9
1960-79	9.8	7.3	2.5
Centrally Planned Economies			
1960-69	5.9	0.1	5.9
1970-79	11.1	10.6	1.0
1970-74	20.1	17.4	3.9
1975-79	6.3	4.2	0.8
1960-79	7.7	5.6	2.3

Table 2.—Share of Latin America in the value and volume of world agricultural exports and developing market economies, 1960-79

Year	Agricultural exports			
	Share of world		Share of developing market economies	
	Value	Volume	Value	Volume
<i>Percent</i>				
1960	14.7	15.0	37.1	40.0
1962	14.4	15.6	37.7	40.34
1964	14.1	13.8	38.5	37.7
1965	14.1	14.3	39.1	39.5
1967	13.5	14.1	40.3	41.2
1969	14.3	14.8	14.7	43.0
1970	14.9	14.6	42.9	42.9
1972	13.5	13.0	43.8	40.8
1974	13.4	13.0	43.7	42.7
1975	14.1	13.1	47.3	42.8
1977	16.3	12.7	47.7	44.1
1979	14.1	12.7	47.2	45.8
<i>Annual growth rate in percent</i>				
1960-79	.01	-1.0	1.5	0.7

Table 3.—Estimated exports based on a constant market share and actual exports

Export growth	Intervals ¹			
	1960-64 to 1965-69	1965-69 to 1970-74	1970-74 to 1975-79	1960-64 to 1975-79
<i>Million dollars</i>				
Estimated exports ²	1,422	5,699	11,801	21,085
Actual exports	954	4,767	13,699	19,420

¹Each of these intervals represents the average of the first 5 years compared with the average of the last 5 years. ²Assumes that Latin America's share of world markets that prevailed at the beginning of the interval would be maintained at the end of the interval. For example, if Latin America's share of world agricultural exports averaged 15.0 percent for 1960-64, the region would be expected to obtain 15.0 percent of the average value of world agricultural exports for 1965-69.

The first two possibilities, identified as "commodity composition" and "market distribution" effects, respectively, tend to reflect the ability of the Latin American countries to capitalize on the more rapidly growing commodity and geographic markets for agricultural exports. The third, the "competitiveness" effect, associates a lack of competitiveness with internal supply problems among the Latin American countries.

Using constant market share analysis, it is evident that during the 1960-69 period the major factor accounting for increases in Latin American agricultural exports was the general increase in world agricultural trade. Also clear is that Latin American agricultural exports failed to grow as fast as the world average, except for the last 5-year interval of the 1960-79 period (see table 3). Consequently, the region's share of world agricultural exports has declined over time. This is consistent with the analysis of trends for value and volume presented earlier.

The competitiveness and market distribution effects were shown by the results to be the principal factors retarding Latin American agricultural export growth during the study period. Latin America exhibited internal supply problems throughout all the 1960's and during the first half of the 1970's, when the competitiveness effect reflected decreases of about 66 and 16 percent, respectively, of the constant market share increase. However, in 1975-79, the region seemed to have overcome those problems and showed some slight gains in competitiveness. On the other hand, after a relatively favorable market distribution structure in the 1960's, the growth in Latin American distribution of agricultural exports was increasingly affected by the region's concentration in relatively stagnant markets (mainly developed market economies) in the 1970's. The negative impact of market distribution on Latin American agricultural exports began in 1970-74 and became more accentuated in 1975-79 as the world economic recession worsened.

In summary, the relatively poor agricultural export performance of Latin America in 1960-79 was due to an interaction of supply and demand problems, with the former prevailing in the first 15 years of that period and the latter in the last 5 years.

Supply Constraint Hypothesis

In spite of the apparently steady growth in agricultural production, the Latin American agricultural sector has barely kept ahead of the growth in population (an annual rate of 2.6 percent in 1960-79), and consequently produc-

Table 4.—Annual growth rates for agricultural production, imports, domestic demand, and exports for selected periods¹

Period	Pro- duction	Imports	Supply	Domestic demand	Exports
<i>Percent</i>					
1960-79	3.1	5.3	3.2	3.3	2.5
1960-69	3.0	3.9	3.1	3.2	2.8
1970-79	3.3	6.4	3.5	3.7	2.7
1970-74	3.1	6.9	3.3	3.9	0.5
1975-79	3.5	11.0	4.0	3.6	5.9

¹In terms of volume.

tion per capita only grew by 0.5 percent per year in the study period. Thus, the observed trends in agricultural production do not appear to provide a very satisfactory basis for expanding exports.

More specifically, the rate of growth in domestic demand for agricultural commodities outpaced that of production in 1960-79. With an annual growth rate of 3.3 percent in domestic demand compared with 3.1 percent in production, an expansion in agricultural imports occurred. The overall rate of increase in agricultural imports was 5.3 percent per year during the study period (table 4).

The expansion in domestic demand and the slow growth of agricultural production reduced the percentage of physical production available for exports. Exports as a percentage of production declined to less than 20 percent in the 1970's in contrast with 30 percent for the early 1960's. Domestic demand grew faster than exports throughout the period, with the exception of 1975-79, when exports exhibited some notable recovery.

Thus, the inability of the Latin American agricultural sector to grow fast enough to provide for an increasing domestic demand is seen as a major cause of the slow growth of agricultural exports in 1960-79 and of the declining participation of the sector in total regional exports.

The agricultural export performance of the individual Latin American countries also has been closely related to the growth of each country's agricultural output during the study period. Among the 24 countries considered, 10 experienced annual growth rates of agricultural production inferior to the regional average (3.1 percent) in 1960-79. Those countries were Argentina, Barbados, Chile, Cuba, Guyana, Haiti, Jamaica, Peru, Trinidad/Tobago, and Uruguay. Eight of those ten countries (excluding Cuba and Chile) had shown a poor agri-

cultural export performance during the same period (see table 5). This implies that their unsatisfactory agricultural export growth was directly related to the low growth of their agricultural production.

Cuba and Chile, although experiencing production problems in the 1970's, achieved favorable growth in the production of their main commodity exports, which explains their relatively good export performance during the study period. Among the other poor export performers (the Dominican Republic, Ecuador, Mexico, Panama, and Venezuela), expansion in agricultural output was mostly offset by the increase in population. Venezuela displayed the largest Latin American growth rate (5.0 percent) for

Table 5.—Ranking of countries by annual growth rate in agricultural exports and production per capita, 1960-79¹

Country	Production	Exports	Production per capita
Percent			
Above-average production growth			
Venezuela	5.0	6.9	1.4
Guatemala	4.3	13.8	1.6
Costa Rico	4.2	13.1	1.3
Dominican Republic	3.7	8.9	0.8
Ecuador	3.7	8.7	0.8
Brazil	3.6	11.8	0.9
Nicaragua	3.6	12.9	0.7
Colombia	3.5	10.4	0.9
Mexico	3.5	8.4	0.2
El Salvador	3.4	10.00	0.2
Panama	3.4	9.4	0.4
Paraguay	3.4	13.00	0.6
Honduras	3.3	10.7	0.1
Bolivia	3.2	23.2	1.00
Below-average production growth			
Argentina	2.5	7.9	1.1
Chile	2.1	10.2	0.2
Guyana	2.1	7.2	-0.1
Cuba	1.7	17.3	-0.1
Trinidad /Tobago	1.4	5.6	-0.2
Peru	1.4	5.7	-1.4
Jamaica	0.8	3.9	-0.7
Haiti	0.7	4.7	-1
Uruguay	0.2	5.5	-0.5
Barbados	-1.4	3.5	-2.2
Latin America, average	3.1	9.8	0.5

¹Production and production per capita are expressed in quantity terms; exports are expressed in value terms.

Table 6.—Latin American share of world production and export volume for selected commodities, 1960-79

	Production		Exports	
	1960-69	1970-79	1960-69	1970-79
Beef	18.4	16.7	35.1	21.9
Wheat	4.1	3.6	6.5	4.0
Corn	12.6	11.8	18.5	11.2
Bananas	53.1	51.3	80.7	78.2
Coffee	69.2	62.1	63.9	57.5
Cotton	14.2	12.4	24.4	18.7
Sugar	29.9	30.4	47.8	49.3
Cocoa	25.7	29.4	17.3	21.1
Tobacco	11.4	12.6	13.3	17.7
Soybeans	1.9	14.1	2.6	21.6

agricultural production within the study period. However, Venezuela has been a major importer of basic grains throughout the period so that the impact of production growth on volume of exports has been minimal. The Dominican Republic's and Ecuador's agricultural production grew faster in the 1970's than in the 1960's, mainly as a response to a pressing internal demand. Mexico and Panama, on the other hand, experienced slower production growth in the 1970's than in the 1960's; as a result, they faced declining per capita agricultural production indices during the 1970's.

Ten commodities—beef, wheat, corn, bananas, sugar, coffee, cocoa, tobacco, soybeans, and cotton— represent a major proportion of the world's agricultural trade. Latin America's average share of world production and exports declined for beef, wheat, corn, bananas, coffee, and cotton between 1960-69 and 1970-79 (see table 6). On the other hand, Latin America's share of world production and exports of sugar, cocoa, tobacco, and soybeans increased more in the 1970's than in the 1960's.

Demand Deficiency Hypothesis

Aside from supply limitations, the concentration of exports to the industrialized countries (which have been slower growing markets) has been identified in the study as a second reason for the poorer than expected export performance of Latin American agriculture. In 1970-72 the OECD (Organization for Economic Cooperation and Development) countries³ commodity imports were valued at \$259.2 billion, of which 18.6 percent (\$48.8 billion) were agricultural products. By 1977-79, the OECD countries had expanded overall imports to \$938.4 billion and agricultural commodities rose to \$139.4 billion, constituting 14.1 percent of total imports. Clearly, agricultural imports were increasing at a slower rate than overall imports in the industrialized countries. Between these same periods, Latin America's share of OECD agricultural imports appear to have declined slightly, from 15.6 percent to 15.4 percent. Compared with the norm of maintaining a constant share, Latin America increased its market penetration in Canada and the United States and failed to reach the expected level in Japan, the European Community (EC), and other Western European markets. Overall, agricultural exports from Latin America fell an estimated \$1.4 billion short of the amount that would have been obtained had the region maintained a constant share of these markets. Even though the demand for imports of agricultural products grew more slowly than other import areas, the Latin American region was apparently unable to exploit the existing opportunities for export expansion among these countries.

This is not to argue that protectionist trade barriers adopted by industrialized countries were not important. The effects of such external constraints are generally accepted as being detrimental to export growth. However, the impact of trade liberalization on the agricultural commodity export may be considerably exaggerated as a stimulus to expanding imports. With respect to tropical products (such as coffee and cocoa) and agricultural raw materials grown mostly in developing countries, trade

³Includes Western Europe, the United States, Canada, Japan, Australia, and New Zealand.

restrictions are often minor or nonexistent, as there is little need to protect domestic producers. In addition, the degree of protection often increases with higher levels of processing, implying that agricultural raw materials are not subject to as much protection as processed goods. Finally, studies which have attempted to measure the impact of trade liberalization have concluded that reduction in trade barriers would not have as large an impact on developing countries' exports as many people expect. One such study suggests that an across-the-board decrease of 50 percent in tariffs and other barriers for 99 commodities in 17 OECD countries would lead to an estimated increase of \$1.8 billion in agricultural and processed food exports for Latin America. This would represent an increase of approximately 13 percent in agricultural export earnings. Over 50 percent of the estimated increase would be accounted for by two products — sugar and beef. While this is a notable increase, the estimate also assumes that supplies would be forthcoming to take advantage of the expanded export earning opportunities.

Conclusion

During 1960-79, Latin American agricultural export volume expanded at a slower rate than would have been expected if the region had maintained a constant share of growing world demand. The evidence indicates that a major reason for inadequate growth was the region's failure to expand supplies apace with increased world imports of agricultural goods. A concentration of agricultural exports to industrialized countries, which served Latin America well during the 1960's, worked against the region in the 1970's when demand for agricultural products among these countries grew more slowly than elsewhere. Even in this slower growing market, Latin America was unable to maintain a constant share of demand for agricultural goods. While reduction in trade barriers would be expected to expand export opportunities, the region needs to reexamine its capacity to respond to the market opportunities presented by a growing world demand for agricultural goods.

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Table 1.—Latin America: Population, gross domestic product, and gold and foreign exchange holdings¹

Country	Population			Gross domestic product			Gold and foreign exchange holdings		
	1982	1983	Change	1981 ²	1982 ³	1983 ³	1982 ⁴	1983 ⁴	Change
	Millions	Percent	Percent	Mil. dollars	Percent	Percent	Mil. dollars	Percent	Percent
Mexico	73.0	75.0	2.7	239,960	-0.5	-4.7	2,893	6,198	114.2
Barbados	0.3	0.3	0.4	652	-4.6	0.5	121	122	0.8
Cuba	9.8	9.9	0.9	24,500	2.5	3.0	450	150	-66.7
Dominican Republic	6.1	6.2	2.7	6,650	1.6	0.0	129	171	32.6
Haiti	5.1	5.2	2.0	1,590	-0.5	0.2	3	8	166.7
Jamaica	2.3	2.3	1.4	2,960	0.2	-1.0	109	63	-42.2
Trinidad/Tobago	1.2	1.2	1.6	2,951	3.9	2.0	3,000	2,006	33.1
Other Caribbean islands	1.5	1.5	1.5	2,000	2.6	2.5	235	300	—
Belize	0.2	0.2	2.5	125	-0.3	0.2	10	9	—
Guyana	0.9	0.9	2.0	618	-13.0	-5.0	8	6	-25.0
Suriname	0.4	0.4	0.6	950	-8.0	-2.0	166	57	-65.7
Caribbean	27.8	28.1	1.1	42,996	1.6	1.8	4,231	2,892	-31.6
Costa Rica	2.6	2.6	2.8	2,630	-6.3	-3.0	226	308	36.3
El Salvador	4.6	4.7	2.7	3,550	-5.4	0.0	107	161	50.5
Guatemala	7.5	7.7	2.7	8,660	-3.5	-2.5	113	202	78.8
Honduras	4.1	4.3	3.5	2,380	-1.2	-1.4	110	107	-2.7
Nicaragua	2.7	2.8	3.7	2,590	-1.4	2.0	170	233	37.1
Panama	2.0	2.1	2.4	3,490	5.5	1.0	197	103	-47.7
Central America	23.5	24.2	3.0	23,300	-3.0	-1.0	823	1,208	46.8
Argentina	29.2	29.6	1.4	153,330	-5.7	3.0	2,510	1,176	-53.2
Paraguay	3.4	3.5	2.4	5,260	-2.5	-5.0	657	659	0.3
Uruguay	2.9	2.9	1.0	9,790	-9.0	-7.0	117	206	76.1
Brazil	128.3	131.3	2.3	210,660	1.4	0-3.3	3,928	4,356	10.9
Bolivia	5.7	5.9	3.5	7,900	-9.0	-6.0	157	137	-12.7
Chile	11.3	11.5	1.8	32,860	-14.0	-1.0	1,797	2,032	13.1
Colombia	27.1	27.7	2.2	32,970	1.9	1.0	3,686	1,707	-53.7
Ecuador	8.5	8.8	3.5	13,430	0.5	-3.0	305	645	111.5
Peru	18.6	19.2	3.2	23,260	-1.5	-12.0	1,317	1	-99.9
Venezuela	17.4	18.0	3.5	67,800	0.7	-4.5	6,149	7,275	18.3
Andean	88.6	91.1	2.8	178,220	-2.5	-3.8	13,411	11,797	-12.0
LATIN AMERICA	376.7	385.7	2.4	863,516	-1.4	-2.5	28,570	28,492	-3

— = Not available or not applicable.

¹Regional totals include only those countries for which data are shown and may not add up because of rounding. ²World Development Report, 1983, IBRD and individual country reports. ³Estimates of growth in real terms. ⁴International Financial Statistics, IMF, May 1984.

Table 2.—Latin America: Indices of total and per capita agricultural and food production¹

Country	Total						Per capita					
	Agriculture			Food			Agriculture			Food		
	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983
1969-71 = 100												
Mexico	160	151	151	167	160	159	117	108	105	122	114	111
Barbados	91	84	88	91	84	88	87	80	83	87	80	83
Cuba	115	134	124	114	135	124	101	117	107	100	117	107
Dominican Republic	139	136	143	135	134	140	101	97	99	98	95	97
Haiti	107	111	111	110	112	111	90	91	89	92	92	89
Jamaica	102	106	108	101	104	106	87	89	90	86	88	88
Trinidad/Tobago	93	93	96	93	93	96	81	79	81	81	79	81
Caribbean	118	128	124	116	127	123	99	105	100	97	104	100
Costa Rica	141	145	152	140	136	150	98	98	100	98	92	99
El Salvador	111	114	110	123	117	113	87	89	84	96	92	86
Guatemala	152	141	140	158	149	149	108	99	95	111	104	101
Honduras	138	147	142	129	135	136	93	95	89	87	87	85
Nicaragua	106	114	119	107	110	114	77	80	81	78	77	77
Panama	136	133	140	135	132	139	103	98	101	103	98	101
Central America	131	132	133	134	132	136	95	94	92	97	94	94
Argentina	138	144	133	141	146	135	114	118	107	117	120	109
Bolivia	146	146	104	147	147	103	111	108	75	112	109	74
Brazil	169	160	166	172	171	171	128	119	121	131	127	124
Chile	127	123	117	128	123	117	107	101	95	107	102	95
Colombia	160	165	158	162	167	163	129	130	122	130	132	126
Ecuador	174	176	152	174	176	156	125	123	103	125	123	105
Guyana	117	110	91	117	108	89	102	94	78	101	92	76
Paraguay	178	179	179	171	174	172	132	129	125	127	125	120
Peru	117	119	104	117	121	106	86	85	73	87	87	74
Suriname	155	146	144	155	146	144	165	152	148	165	152	148
Uruguay	120	112	113	124	114	115	116	108	108	120	110	110
Venezuela	154	162	163	158	167	167	100	101	99	102	105	101
South America	153	152	148	155	157	151	118	115	109	120	118	111
LATIN AMERICA	150	148	146	153	154	149	115	111	107	117	115	109

¹Revised data for 1981 and 1982; preliminary for 1983.

Source: Economic Research Service, USDA, Indices of Agricultural Production.

Table 3.—Latin America: Area and production of selected agricultural products by principal countries¹

Commodity by country	Products by principal countries					
	1981	Area ² 1982	1983 ³	1981	Production 1982	1983 ³
	1,000 hectares			1,000 tons		
Wheat:						
Mexico	850	950	840	3,050	4,200	3,200
Argentina	5,883	7,320	6,832	8,100	14,000	12,000
Brazil	1,922	2,750	1,900	2,217	1,810	2,100
Chile	432	374	359	686	650	586
Uruguay	350	231	200	450	320	270
Total	9,437	11,625	10,131	14,503	20,980	18,156
Rice (rough):						
Mexico	180	170	170	585	510	450
Cuba	146	160	150	455	497	462
Dominican Republic	128	120	130	369	331	388
Haiti	50	50	50	95	105	96
Costa Rica	72	70	83	202	148	277
Nicaragua	39	41	33	120	131	111
Panama	104	106	106	202	182	185
Argentina	82	114	81	286	354	262
Brazil	6,477	6,150	5,350	8,638	9,500	7,800
Colombia	413	481	384	1,798	2,070	1,732
Guyana	110	95	90	275	276	205
Peru	150	160	150	712	706	588
Suriname	59	60	60	260	244	251
Uruguay	67	68	70	362	418	400
Venezuela	243	223	167	682	671	509
Total	7,994	7,738	6,754	14,001	15,136	12,819
Corn:						
Mexico	8,150	6,000	6,500	12,500	7,000	9,300
Haiti	250	250	250	185	170	180
El Salvador	277	238	238	500	408	387
Guatemala	742	876	850	993	1,017	966
Honduras	340	335	340	487	446	490
Nicaragua	207	193	190	198	182	180
Argentina	3,394	3,170	2,970	12,900	9,600	9,000
Bolivia	313	286	261	504	450	338
Brazil	12,810	13,200	11,050	22,555	22,931	19,500
Colombia	629	643	594	890	892	869
Paraguay	415	350	370	620	464	420
Peru	316	347	300	587	625	525
Venezuela	312	305	251	453	501	429
Total	28,155	26,193	24,164	53,372	44,686	42,584
Grain sorghum:						
Mexico	1,400	1,100	1,400	4,000	2,800	4,500
Haiti	120	120	120	112	110	115
El Salvador	119	118	118	133	123	123
Nicaragua	43	35	42	83	54	65
Argentina	2,078	2,491	2,520	7,100	8,000	8,000
Colombia	231	271	262	532	575	594
Uruguay	74	56	70	192	123	75
Venezuela	229	220	163	347	377	280
Total	4,294	4,411	4,695	12,499	12,162	13,752
Beans, dry:						
Mexico	2,000	1,600	1,900	1,300	800	1,100
Dominican Republic	48	50	50	43	41	41
Haiti	92	92	90	35	35	34
El Salvador	50	49	49	38	38	42
Nicaragua	50	50	50	55	60	60
Argentina	190	180	180	180	190	130
Brazil	5,013	6,000	4,077	2,407	2,950	1,700
Chile	118	122	86	138	162	84
Paraguay	80	80	80	57	60	60
Peru	50	57	50	44	49	50
Venezuela	61	62	65	29	32	35
Total	7,752	8,342	6,677	4,326	4,417	3,336

Continued

Table 3.—Latin America: Area and production of selected agricultural products by principal countries (continued)¹

Commodity by country	1981	Area ² 1982	1983 ³	1981	Production 1982	1983 ³
		1,000 hectares			1,000 tons	
Potatoes:						
Mexico	86	95	96	1,075	1,200	1,195
Cuba	13	13	13	226	226	230
Argentina	117	95	105	2,247	1,817	2,018
Bolivia	131	130	130	720	730	300
Brazil	180	190	168	1,911	2,100	1,818
Chile	90	80	70	1,007	842	684
Colombia	148	165	161	1,910	2,149	2,034
Peru	199	180	150	1,679	1,832	1,300
Total	964	948	893	10,775	10,896	9,579
Cotton:						
Mexico	350	204	250	310	181	218
Guatemala	77	49	51	81	46	50
Nicaragua	93	90	117	62	76	72
Argentina	300	399	360	85	153	111
Brazil	2,015	2,070	2,125	622	645	655
Colombia	149	56	129	88	33	74
Paraguay	290	270	240	105	90	80
Peru	126	83	105	94	32	74
Total	3,462	3,314	3,304	1,475	1,311	1,293
Peanuts:						
Mexico	47	45	45	73	50	65
Argentina	196	166	125	243	257	214
Brazil	235	235	210	310	305	250
Total	478	446	380	626	612	529
Soybeans:						
Mexico	370	350	350	680	550	620
Argentina	1,740	1,986	2,281	3,500	4,150	4,000
Brazil	8,485	8,202	8,227	15,200	12,835	14,750
Paraguay	400	420	350	600	600	520
Total	10,995	10,958	11,208	19,980	18,135	19,890
Tobacco:						
Mexico	42	42	42	62	68	56
Cuba	60	55	50	50	45	40
Dominican Republic	33	35	24	40	43	36
Argentina	49	56	61	51	68	74
Brazil	239	245	285	314	378	378
Colombia	28	25	28	33	28	34
Total	451	458	490	550	630	618

¹Includes crops harvested mainly in year shown. Latin America totals are for those countries for which data are shown. ²Harvested area insofar as possible. ³Preliminary.

Sources: Economic Research Service, Foreign Agricultural Service, USDA; Food and Agricultural Organization of the United Nations.

Table 4.—Latin America: Production of selected agricultural products¹

Commodity by country	1981	1982	1983 ²	Commodity by country	1981	1982	1983 ²
1,000 tons				1,000 tons			
CROPS							
Cassava:				Coffee:			
Cuba	330	330	300	Mexico	243	246	250
Dominican Republic	160	162	163	Dominican Republic	67	51	66
Haiti	252	260	260	Costa Rica	113	138	124
Bolivia	224	230	230	El Salvador	158	174	168
Brazil	25,000	24,500	23,000	Guatemala	159	153	140
Colombia	2,150	2,000	2,000	Honduras	72	85	66
Paraguay	1,970	2,000	2,000	Nicaragua	59	68	68
Peru	430	410	410	Brazil	1,980	1,065	1,800
Total	30,516	29,892	28,363	Colombia	810	860	798
				Total	3,661	2,840	3,480
Sugar, centrifugal (raw):				LIVESTOCK AND POULTRY PRODUCTS			
Mexico	2,518	2,842	3,078	Beef and veal:			
Cuba	7,925	8,210	7,200	Mexico	1,271	1,381	1,229
Dominican Republic	1,107	1,219	1,159	Cuba	160	160	165
Other Caribbean	890	850	820	Dominican Republic	46	49	49
Central America	1,527	1,716	1,731	Costa Rica	75	77	67
Argentina	1,550	1,618	1,621	El Salvador	29	30	30
Brazil	8,508	8,346	9,000	Guatemala	91	75	65
Colombia	1,225	1,281	1,343	Honduras	64	68	63
Peru	478	614	450	Nicaragua	47	48	54
Venezuela	253	360	360	Argentina	2,929	2,579	2,440
Total	25,981	27,056	26,762	Brazil	2,250	2,400	2,400
				Colombia	715	684	647
Cottonseed:				Uruguay	407	383	412
Mexico	525	300	365	Total	8,084	7,934	7,621
El Salvador	63	61	63	Pork:			
Guatemala	138	76	68	Mexico	1,088	1,233	1,195
Honduras	11	11	11	Argentina	250	235	215
Nicaragua	136	127	136	Brazil	980	970	950
Argentina	153	290	210	Colombia	105	101	106
Brazil	1,135	1,164	1,198	Total	2,423	2,539	2,466
Colombia	200	86	85	Poultry:			
Paraguay	175	150	141	Mexico	426	452	430
Peru	151	130	60	Dominican Republic	70	66	72
Total	2,687	2,395	2,337	Argentina	210	195	190
				Brazil	1,400	1,507	1,490
Cocoa beans:				Venezuela	244	282	282
Mexico	38	40	42	Total	2,350	2,502	2,464
Dominican Republic	34	39	43	Milk:			
Brazil	315	300	339	Mexico	6,856	6,924	6,500
Ecuador	482	88	55	Cuba	900	900	950
Total	482	467	479	Dominican Republic	350	352	353
				Argentina	5,274	5,781	5,500
Bananas:				Brazil	10,500	10,100	10,700
Mexico	1,600	1,700	1,940	Chile	1,200	1,055	930
Cuba	220	220	210	Colombia	2,553	2,798	3,040
Dominican Republic	320	320	325	Total	27,633	27,910	27,973
Costa Rica	1,100	1,050	1,040	Eggs:			
Guatemala	492	480	490	Mexico	605	550	539
Honduras	1,344	1,509	1,500	Argentina	180	175	180
Nicaragua	157	157	160	Brazil	560	560	500
Panama	640	600	615	Chile	70	67	61
Brazil	4,846	5,260	5,200	Peru	47	47	45
Ecuador ³	2,010	2,275	1,164	Total	1,462	1,399	1,325
Peru	740	740	740	Wool, shorn:			
Venezuela	915	921	944	Argentina	173	164	163
Total	14,384	15,232	14,328	Brazil	30	30	30
				Uruguay	79	80	80
				Total	282	274	273

¹Crops harvested mainly in year shown; cocoa beans and coffee harvest began in year shown. ²Preliminary. ³Exportable type only.

Sources: Economic Research Service and Foreign Agricultural Service, USDA; Food and Agricultural Organization of the United Nations, Production Yearbook of Agriculture 1982.

Table 5.—Latin America: Exports and imports of selected agricultural commodities

Commodity by country	Exports			Commodity by country	Exports		
	1981	1982 ¹	1983 ²		1981	1982 ¹	1983 ²
	1,000 tons				1,000 tons		
Wheat (including flour in wheat equivalent):				Cocoa beans:			
Mexico	10	15	10	Mexico	0	3	12
Argentina	3,755	3,816	10,174	Dominican Republic	26	31	38
Total	3,765	3,831	10,184	Brazil	125	143	152
				Ecuador	80	83	55
				Total	231	260	257
Rice, milled basis:				Beef and veal: ³			
Argentina	107	125	75	Costa Rica	33	24	14
Colombia	22	0	31	Honduras	24	16	16
Guyana	81	78	35	Nicaragua	14	15	15
Suriname	92	131	125	Argentina	486	522	415
Uruguay	190	228	171	Brazil	279	357	443
Total	492	562	437	Colombia	22	21	12
Sorghum:				Uruguay	173	169	225
Argentina	4,931	5,359	5,298	Total	1,031	1,124	1,140
Total	4,931	5,359	5,298				
Corn:				Cotton, raw:			
Argentina	9,112	5,214	6,448	Mexico	183	126	69
Brazil	0	700	0	Guatemala	77	42	46
Total	9,112	5,914	6,448	Nicaragua	58	74	76
Sugar, raw basis:				Argentina	65	41	50
Cuba	7,071	7,734	6,792	Brazil	30	152	0
Barbados	64	86	65	Colombia	57	18	8
Dominican Republic	864	816	955	Peru	32	60	30
Jamaica	125	130	135	Paraguay	94	112	98
Trinidad/Tobago	67	50	62	Total	596	625	377
Belize	95	104	100				
Costa Rica	73	55	64	Tobacco, unmanufactured:			
El Salvador	26	56	66	Mexico	21	19	11
Guatemala	228	180	405	Cuba	3	10	3
Honduras	88	87	93	Dominican Republic	34	12	14
Nicaragua	89	97	129	Argentina	17	19	18
Panama	111	112	100	Brazil	132	145	155
Argentina	725	400	500	Colombia	10	11	15
Brazil	2,702	2,588	2,150	Paraguay	9	9	10
Colombia	175	314	300	Total	226	225	226
Guyana	267	265	255				
Peru	0	62	92	Soybeans:			
Total	12,770	13,136	12,263	Argentina	2,207	1,923	1,410
Coffee, green or roasted:				Brazil	1,506	810	1,316
Mexico	122	126	185	Paraguay	630	830	610
Cuba	8	8	8	Total	4,343	3,563	3,336
Dominican Republic	35	34	36				
Haiti	15	23	20	Soybean meal:			
Costa Rica	96	96	98	Argentina	521	977	1,605
El Salvador	136	140	144	Bolivia	15	21	20
Guatemala	145	122	127	Brazil	8,480	7,956	8,206
Honduras	68	57	74	Paraguay	16	16	49
Nicaragua	47	59	61	Uruguay	3	3	3
Brazil	825	888	931	Total	9,035	8,973	9,883
Colombia	536	525	553				
Total	2,033	2,078	2,237	Soybean oil:			
Bananas, plantains, fresh:				Argentina	70	174	293
Guadeloupe	95	100	100	Brazil	1,181	889	959
Jamaica	18	21	25	Total	1,261	1,063	1,252
Martinique	75	80	80				
Windward Islands	75	112	110	Barley:			
Costa Rica	1,002	999	989	Argentina	6	5	40
Guatemala	311	325	350	Uruguay	75	65	25
Honduras	766	812	635	Total	81	70	65
Nicaragua	85	50	50				
Panama	510	545	572				
Brazil	67	59	92				
Colombia	802	804	826				
Ecuador	1,246	1,254	871				
Total	5,052	5,161	4,700				

Continued

Table 5.—Latin America: Exports and imports of selected agricultural commodities (continued)

Commodity by country	1981	Imports 1982 ¹	1983 ²	Commodity by country	1981	Imports 1982 ¹	1983 ²
	1,000 tons				1,000 tons		
Wheat (including flour in wheat equivalent):				Beef and veal: ³			
Mexico	1,128	398	423	Brazil	55	21	20
Cuba	1,250	1,270	1,300	Venezuela	61	59	23
Dominican Republic	175	160	200	Total	116	80	43
Haiti	173	155	158	Pulses:			
Jamaica	190	175	180	Mexico	490	147	2
Trinidad/Tobago	125	105	110	Cuba	85	90	90
Costa Rica	87	100	115	Colombia	2	26	17
El Salvador	126	100	119	Venezuela	69	62	94
Guatemala	110	104	125	Total	646	325	203
Honduras	78	81	70	Apples:			
Nicaragua	63	57	50	Mexico	7	4	1
Panama	62	59	62	Venezuela	16	12	2
Brazil	4,360	4,170	4,100	Brazil	190	185	180
Colombia	334	564	531	Total	213	201	183
Chile	1,041	992	1,158	Bananas, plaintains, fresh:			
Peru	927	968	972	Argentina	165	161	150
Venezuela	891	773	868	Venezuela	125	130	133
Total	11,120	10,231	10,541	Total	290	291	283
Rice, milled basis:				Soybeans:			
Mexico	17	1	50	Mexico	1,110	518	894
Cuba	199	200	225	Dominican Republic	32	23	30
Jamaica	45	44	48	Haiti	23	70	50
Trinidad/Tobago	56	43	55	Jamaica	65	62	72
Brazil	142	124	400	Brazil	900	1,300	33
Chile	16	21	31	Peru	10	2	8
Peru	102	58	101	Venezuela	50	79	55
Total	577	491	910	Total	2,190	2,054	1,142
Corn:				Soybean meal:			
Mexico	3,065	233	4,687	Mexico	118	39	142
Cuba	525	410	405	Cuba	85	90	85
Dominican Republic	180	165	255	Dominican Republic	50	55	58
Jamaica	175	150	170	Chile	43	43	50
Trinidad/Tobago	115	120	125	Peru	47	47	30
Brazil	570	0	500	Venezuela	414	500	475
Chile	315	397	144	Total	757	774	840
Peru	344	480	402	Soybean oil:			
Venezuela	734	1,033	1,380	Mexico	3	104	0
Total	6,023	3,036		Dominican Republic	30	34	35
Sorghum:				Bolivia	27	0	0
Mexico	2,789	1,478	3,304	Chile	76	75	85
Total	2,789	1,478	3,304	Colombia	98	126	90
Barley:				Ecuador	40	40	48
Mexico	98	3	85	Peru	61	69	86
Cuba	90	85	50	Venezuela	56	79	55
Chile	6	0	0	Total	391	527	399
Colombia	66	98	138				
Peru	40	48	38				
Total	300	234	311				
Sugar, raw basis:							
Mexico	552	418	789				
Chile	51	181	203				
Uruguay	24	25	32				
Venezuela	527	333	377				
Total	1,154	957	1,401				

¹Revised. ²Preliminary. ³Carcass-weight basis; excludes fats and offal.

Sources: Economic Research Service and Foreign Agricultural Service, USDA; Food and Agricultural Organization of the United Nations.

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BULK RATE**

Table 6.—U.S. agricultural trade with Latin America

Country	1981	Exports 1982	1983 ¹	1981	Imports 1982	1983 ¹
<i>Million dollars</i>						
Mexico	2,431.9	1,156.3	1,942.4	1,101.8	1,158.3	1,279.4
Bahamas	69.2	63.6	65.0	1.3	1.1	1.8
Barbados	29.0	28.4	30.2	13.2	12.3	9.1
Bermuda	35.0	40.1	42.1	—	0.2	—
Dominican Republic	229.6	177.1	160.2	538.6	333.0	366.4
French West Indies	12.4	11.8	7.3	0.3	1.2	—
Haiti	68.0	67.6	70.5	20.8	37.3	40.7
Jamaica	101.5	111.4	119.5	6.4	10.8	26.0
Leeward & Windward Isles	48.5	48.7	45.6	4.8	4.7	0.9
Netherlands Antilles	78.8	82.9	76.1	8.2	1.7	0.2
Trinidad/Tobago	121.9	144.2	140.1	6.5	4.8	2.8
Other Caribbean islands	6.9	9.4	11.0	—	—	—
Caribbean	800.9	785.2	767.6	600.1	407.1	455.9
Belize	11.4	8.4	7.2	26.6	20.5	13.7
Costa Rica	46.7	44.2	52.9	279.9	263.0	269.6
El Salvador	73.2	54.9	86.0	143.3	189.0	243.4
Guatemala	76.6	67.5	68.3	276.6	237.8	294.4
Honduras	43.6	33.3	41.1	314.1	260.2	263.4
Nicaragua	40.1	22.9	23.8	108.7	68.4	81.2
Panama	78.9	86.7	100.9	115.5	86.8	133.7
Central America	370.4	317.9	380.1	1,264.7	1,127.4	1,299.4
Argentina	38.1	17.1	18.1	469.3	252.5	281.0
Bolivia	13.1	18.1	48.5	14.3	19.1	18.3
Brazil	710.5	525.0	478.7	1,905.2	1,498.2	1,655.5
Chile	293.3	245.9	205.1	67.9	96.1	126.4
Colombia	220.8	282.8	250.1	600.7	545.3	569.5
Ecuador	122.4	104.7	115.0	314.7	347.1	290.0
French Guiana	0.3	0.5	0.3	—	—	—
Guyana	20.4	7.9	3.5	37.4	18.7	13.7
Paraguay	2.9	2.2	1.1	38.4	24.6	28.3
Peru	420.2	278.1	309.0	102.2	136.3	130.3
Suriname	21.6	21.2	20.2	0.3	0.2	—
Uruguay	6.9	3.4	6.1	15.6	12.9	13.4
Venezuela	893.4	670.8	664.9	11.5	10.9	15.8
South America	2,763.9	2,178.7	2,121.0	3,577.5	2,958.8	3,142.1
Total, Latin America	6,367	4,438	5,211	6,544	5,652	6,177
Total, world	43,339	36,623	36,098	16,772	15,385	16,620
Percentage of world, Latin America	14.7	12.1	14.4	39.0	36.6	37.2

— = Not available. ¹Preliminary.

Sources: Bureau of the Census. Foreign Agricultural Service, USDA.